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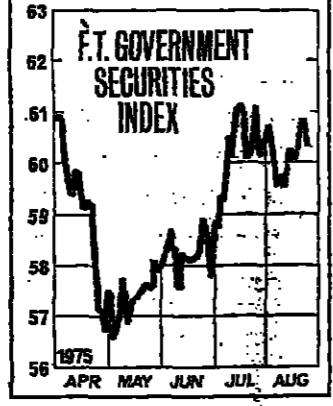
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NEWS SUMMARY

GENERAL
Israeli protests greet Dr. K.
Israeli police used teargas, batons and a water cannon in Jerusalem last night to break up crowds of Right-wing demonstrators after the arrival of Dr. Kissinger on a new round of shuttle diplomacy.

BUSINESS
Equities firmer, but Gilts drift
EQUITIES ended the Account on a firmer note. The FT 30 share index put on 3.5 to 304.5, a rise of 25.7 over the Account.

Israeli police used teargas, batons and a water cannon in Jerusalem last night to break up crowds of Right-wing demonstrators after the arrival of Dr. Kissinger on a new round of shuttle diplomacy.



Uister deaths
Two men were shot dead in Belfast yesterday amid indications that sectarian violence is on the increase.

Nude 'insult'
Free George Davis' campaigner Colin Dean was charged with insulting behaviour yesterday after a naked early morning protest in a London park.

Rabies 'war'
The fight to keep rabies out of Britain is like the dark days of war, a minister said yesterday when visiting a Kent farm.

Charlton quits
Robby Charlton resigned as manager of Third Division Preston yesterday after a row with the directors over the transfer to Newcastle of centre-half John Bird.

People and places
Four Charlton, Notts, youths were fined £200 each yesterday, plus compensation and costs, for attacking a group of visiting French teenagers asleep in a camp.

Rescue vessels
Four prisoners who had been practicing long jumping, leapt a four-yard roof top gap to escape from an August 18, Sicily, jail.

Britain's Police Federation
last night called for tougher laws to combat "frightening" increase in crime.

CHIEF PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

RISES	
Assoc. P. Cement	142 + 4
Bats	273 + 5
British Home Stores	293 + 4
Brotherhood (P.)	61 + 4
Clay (Richard)	33 + 4
English Property	37 + 3
Europlus Pulp	32 + 4
Fodens	13 + 3
Gerrard & National	252 + 7
Haslemere Estates	177 + 7
H.K. & Shanghai Bk.	142 + 4
Laroke	142 + 4
Land Securities	146 + 4
Leisure Caravan	89 + 4
London Brick	34 + 6
Lyons (J.) "A"	132 + 5
MERC	81 + 4
Metal Box	251 + 3
Pilkington	235 + 5

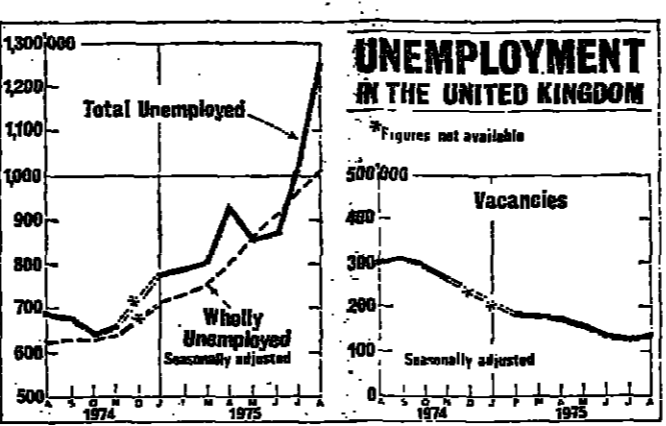
FALLS	
Rennies Cons.	305 + 22
Royal Insurance	278 + 10
Stock Conversion	140 + 21
Suter Electrical	204 + 5
Tate & Lyle	238 + 6
Tube Invs.	83 + 4
Waddington (John)	83 + 4
Weir Group	325 + 4
Shell Transport	325 + 4
Botswana RST	74 + 4
President Steyn	517 + 8
Roan Cons.	230 + 10
St. Helena	520 + 1

COMPANIES	
LONDON BRICK pre-tax profit for the six months to June 30 was £5,987m. (£1,367m.). Profit upturn due to increased demand.	
NORCROS is to raise £9.88m. by a three-for-11 rights issue.	

School leavers push workless to 1 1/4m.

BY MICHAEL BLANDEN

UNEMPLOYMENT in the U.K. rose to a record post-war level of over 1.25m. in August. This included an unprecedented high number of school leavers accounting for two-thirds of the increase.



Slowdown
The TUC itself in a statement yesterday stressed particularly the need for action to provide jobs for young people.

Commenting on the figures, Mr. Michael Foot, Employment Secretary, said: "No one should seek to minimise in any way the tragedy and the waste involved in an unemployment total of this scale."

Individual union leaders, including Mr. David Lane of the General and Municipal Workers, were calling for Government action to increase the number of jobs available.

Between mid-July and mid-August, the total number of people registered as unemployed in the U.K. increased by 162,464 to 1,250,334 (1,195,411 in Great Britain).

Tories will rally behind firm pay policy, says Whitelaw

BY RICHARD EVANS, LOBBY CORRESPONDENT

MR. WILLIAM WHITELAW, the Conservative Deputy Leader, pledged last night that the Tories would stand by the Government if the 25 per cent pay ceiling was challenged by the trade unions in the coming year.

In response to the Prime Minister's television broadcast, Mr. Whitelaw assured the nation that the Conservative Party would not seek political advantage from the economic crisis but would encourage Mr. Wilson and his colleagues to stand firm on their policy to control inflation.

Despite Mr. Whitelaw's support, made during Mrs. Margaret Thatcher's absence on holiday in France, some Conservatives are likely to protest at the party going to Mr. Wilson's aid without getting any guarantees in return.

It was significant, however, that Mr. Whitelaw, while putting no specific price on Tory support, went out of his way to call on the Government to cut public expenditure immediately and to drop its nationalisation proposals.

UDT makes £32.4m. pre-tax loss

BY MICHAEL BLANDEN

UNITED DOMINIONS TRUST, the U.K.'s biggest independent instalment credit group and a major recipient of "lifeboat" support funds, ended with a loss of £32.4m. before tax in the year ended in June.

After setting aside £21.6m. special provisions at the half-way stage, the group has made no further provisions against possible losses on its property portfolio. But its profits have been hit by substantially increased provisions against its ordinary U.K. consumer credit business and other costs.

Jobs subsidy planned for young people

BY JOHN ELLIOTT, LABOUR EDITOR

GOVERNMENT MINISTERS are now drawing up special plans to cut the number of unemployed school leavers this winter by offering over £1m. in new State subsidies of 15 a week to employers taking on those who would otherwise be without a job.

This plan, which Ministers have been anxious to keep secret because of the impact it might have on the employment of school leavers before the special payments came into effect, is now being considered by both sides of industry.

Yesterday's unemployment figures showing 165,000 unemployed school leavers give the plan an extra urgency and might lead to the introduction of the subsidies before the November 1 starting date that is at present planned.

Known as recruitment subsidies for school leavers, the financial help was foreshadowed in the Government's anti-inflation White Paper which said Ministers would be looking at further help for young people and will be consulting the TUC and CBI about special temporary measures to encourage their employment in industry.

Young people emerging from the Government's training opportunities scheme, which was improved earlier this week, will be eligible for the subsidy whether or not they have registered as unemployed. There would also be special provisions for apprentices in the construction industry.

The TUC said yesterday that two out of every three of the new unemployed in the month were school-leavers and now it will soon be telling the Government its view on the new proposals which the Government estimates might cost £3.3m. if 25,000 school-leavers were covered.

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Smooth to the last drop.
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The Fund on Euro-myths

BY ANTHONY HARRIS

WHEN THE STAFF of a bank or a ministry produce factual background material bearing on a new policy of their masters, the result is usually described as a "supporting document"; but it looks as if some new term will have to be invented for the activities of the staff of the International Monetary Fund. The IMF staff have been investigating the Eurodollar market, no doubt in "support" of the various solemn statements by Ministers and central bank Governors on the need to control this engine of international credit creation. In a staff paper last month John Hewson and Etsuko Sakakibara (hereinafter referred to as ES) tried to estimate the credit multiplier of the Eurodollar market, and came up with the answer: 1. In other words, Eurobanks lend on their deposits, but not more. No credit is created.

Received ideas

Now, in an article in the IMF's quarterly magazine Finance and Development, ES has taken the argument a stage further, and upset some more received ideas. Take, for example, the widespread notion that the Eurodollar market was created out of the U.S. balance of payments deficit. (This has been received at very high levels: on one recent occasion the great Milton Friedman expatiated on U.S. responsibility for the Euro-money supply for an hour or so, only to be flustered completely—and perhaps for the only time on record—by a questioner who asked him to account for the growing supply of Euro-Dollars despite the German surplus.) ES neatly fits the boot on to the other foot: the growth of the Eurodollar market is the cause of the U.S. deficit, in the curious sense in which the Americans measure their deficit (the so-called "liquidity basis"). Better rates and keener margins in London attracted dollars from New York.

So why was the Eurodollar there in the first place? Simply, says ES, because of attempts by the authorities to impose costly regulations on foreign business in their own domestic credit markets.

The Eurodollar market, therefore, grew up on the back of the U.S. interest equalisation tax.

Revenge

To generalise what ES has to say, the Eurodollar market is the revenge the system takes on attempts to interfere with the natural working of an unregulated international system. Under a gold standard, the U.S. current deficit and the German surplus would have caused inflation in Germany and deflation in the U.S. The regulations in each country were designed to prevent these effects. The growth of Eurodollars partly undermined these attempts—which is perhaps why so many central bankers are so keen to interfere with them.

The conclusion ES draws is just the opposite: the attempt to monitor and regulate the Eurodollar market will inevitably cause the monetary authorities to come under pressure to adjust their domestic policies (money supply in the U.S., balance of payments in Germany, for example) rather than try to prevent them having their natural consequences. Here it is not so easy to follow the analysis: it seems to be part of the institutional wishful thinking of the IMF to suppose that rubbing the noses of national authorities in technical facts—the mechanism of the Eurodollar market or the rule of Domestic Credit Expansion—will make them more responsible internationally. Alas, it only helps a little.

U.K. interest rates rise against trend in rest of Europe

BY MICHAEL BLANDEN

THE RENEWED rise in U.K. interest rates has gone completely against the trend in the rest of Europe. But the situation remains finely balanced, and there could be further rises, say Williams and Glyn's Bank.

In its latest review of interest rates the bank argues that there now seems less reason than earlier to look for the short-term decline in U.S. rates that had been widely anticipated. Even if the upward drift there continues, however, "the depth of the current European recession is such that further declines in

interest rates in Continental centres can be expected" — a prediction supported this week by cuts in Belgium and Sweden. In the U.K. the bank suggests, the justification for lower rates on purely domestic grounds is at least as strong. But "external considerations continue to dominate, and the situation is currently so finely balanced that any further strengthening in the attractions of U.S. financial markets could well provoke further rises in rates in London."

After a pause since early June, the downtrend in Continental rates was resumed in the month cut short-term rates, as did the Netherlands and Denmark. Earlier, the Swiss Bankers' Association had reduced their rate of discount for first class bills to bring it into line with money market conditions. In the U.S., however, the banks' prime rates moved up by about 1 per cent to a range of 7-7 1/2 per cent during the month as a result of the Federal Reserve's continuing restrictive monetary policy. But any upward pressure from this was not enough to outweigh official concern in the three European countries about their general economic situation.

SHORT TERM INTEREST RATES AS AT AUGUST 15 1975

Country	Bank Rate %	Overdrafts %	Loans %	Commercial & Finance Paper %
France	9.50	11.25 plus commission of 1/20% per month on highest debit balance in month. 10.80 minimum rate "Credit Mobilisable"	9.50 min. for corp. borrowers	Commercial Bills: 90 days 10.80 Finance 10.80
Italy	7	14.75	—	Commercial Bills to 180 days 14.25
Netherlands	5.50	8-8.50 minimum	—	—
Switzerland	4.50	8.25-9.25 unsecured 7.75-8.75 secured	7.75	Commercial Bills to 90 days 6
U.K.	11 (M.L.R.)	12.25-16	12.25-16	Commercial Bills Banks 3 months 10.63-10.69 Trades up to 180 days 11.50 Commercial Bills 3-9
Germany	4	9-10	8-9	Commercial Bills 3-9
	15.8.75	Sometimes reduced for first class borrowers	Sometimes reduced for first class borrowers	

RACING

BY DOMINIC WIGAN

Caesar's Flame to shine again

THERE WAS no easier Goodwood winner last season than Caesar's Flame, who put 10 lengths between herself and the runner-up, Pure Magic, in the final quarter-mile of the Birdie's Grove Stakes in September. And I hope to see this hotfoot filly returned to winning form on the Sussex course in the valuable Bantock Stakes (3.00).

Caesar's Flame, formerly with Humphrey Cottrell at Newmarket, but now trained at Upton by Bill Wighman, who sent out import to win the Spillers Stewards Cup here last month, has failed to produce that fine form of last season in her two outings this term.

Nevertheless, she did not return too badly after a slow start in the highly competitive Ridgeway Handicap at Newbury on her last appearance, and with only 8 at 9 lbs. appeals as the probable answer.

Golden Charles, a winner at Brighton and Newmarket before failing to make the frame in the Moorland Brewery Trophy, may follow the selection home.

Half an hour after the Bantock Stakes, it will be interesting to see how Persian Breeze fares in Round 12 of the Crown Plus Two Apprentice Championship (3.30). This consistent three-year-old ridden by talented apprentice, Richard Fox, has made the 450-mile trip south from the Ayr stable of Nigel Angus.

Persian Breeze, who was one of the best two-year-olds in the North last season, winning five of his eight races, ran a fine race on his home course last time out when taking third place behind Ardoon in the Joe Coral Handicap, and with only 7 at 10 lbs. in the saddle, he appeals as something of a handicap "good thing."

Another Angus representative here this afternoon is Persian Breeze's half-brother, Crusty Shag, bidding to follow up a two-and-a-half-length Redcar victory over Hotcakes in the opening event, the Drawing Room Stakes (2.0).

This chestnut son of Hyacinth has been steadily improving and he may well prove capable of

outpacing the favourite, Ballydale.

Turning to Newmarket, where French Harmony can finally break his duck in the Boreford Handicap (3.15), the most interesting race of the day, in my opinion, is the Waverley Plate (4.45), in which Bally's Gits, trained by Noel Murless, meets Jubilee from the Marriott stables of his son-in-law Henry Cecil. Jubilee, an easy winner from La Meme (again in opposition) at Nottingham on July 23, found no difficulty in following up his better company last month last week, and she is the selection.

NEWMARKET
2.15—Calina
2.45—Vibrio
3.15—French Harmony
3.45—Crusty Shag
4.15—Persian Breeze
4.45—Jubilee
GOODWOOD
2.00—Crusty Shag
2.30—Peta
3.00—Caesar's Flame
3.30—Persian Breeze
4.00—Bili Moss
4.30—Highest

APPOINTMENTS

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Write Box E6308, Financial Times, 10 Cannon Street, EC4P 4BY.

COMPANY NOTICES

GESTEMER
Dividend shareholders will receive 6.275% interim dividend on 12th September 1975. Capital Shares will be despatched on or before 25th September to holders of Capital Shares registered on 14th August.

Based on an average price of	Ordinary 130.588p	A Ordinary 130.588p
for each share held, holders will receive	0.01483 of a share	0.01483 of a share

CONTRACTS AND TENDERS

NOTICE FOR OFFSHORE DRILLING SERVICES

Petrobras Brasileiro S.A.—PETROBRAS, a state-owned oil company in Brazil, is in need of the following oil well drilling equipment, on a contract basis, for operations on the Brazilian continental shelf:

- A) — 1 (one) JACK-UP DRILLING UNIT with maximum operating water depth in the range of 150 to 250 feet and rated for drilling wells down to 20,000-25,000 ft. Cantilever-type platform will be preferred.
- B) — 2 (two) TENDER-ASSISTED RIGS with the following requirements:
 - water depth up to 250 ft.
 - rated for drilling in the range of 14,000 to 16,000 ft.
 - equipped with Bude tank.
 - skid frame designed to allow moves of 15 ft. length-wise and broad-wise.
 - operating on 20 ft. and 40 ft. skid-beams and on 48" x 48" x 50" and 70" x 70" upper decks.

Contractual terms: — 3 (three) years for the JACK-UP; — 2 (two) years for the TENDERS.

Start-up: until January 1st, 1976.

The contract shall comprise chartering, operation, drilling services and related work.

Companies will be invited to submit their proposals, after the selection made by PETROBRAS, based on the following documents:

- a) — a list of services rendered in offshore operations;
- b) — a list of equipments in operation, showing type, capacity and places where they have operated;
- c) — technical specifications of the equipment to be offered, construction and/or reconconditioning year and availability date.

These documents will be confidentially treated by PETROBRAS, and should be addressed until next September 5th to:

PETROBRAS BRASILEIRO S.A.—PETROBRAS
DEPARTAMENTO DE EXPLORACAO E PRODUCAO
Avenida Republica do Chile, 66-14 andar—20066
Rio de Janeiro—RJ—20000
Brazil

Additional information may be obtained from PETROBRAS foreign offices, as follows:

PETROBRAS/ESNOR
New York Office
1221 Avenue of the Americas,
2nd floor
New York, NY 10020
Phone no. (212) 869-3100

PETROBRAS/ESLON
London Office
77 South Audley St., 2nd fl.
London W1Y
Phone no. (01) 499-7542

PETROBRAS/ESCEU
Central European Office
19 Avenue Montaigne
75008 Paris—France
Phone no. 366-6733

THE GOVERNMENT OF THE REPUBLIC OF KOREA SEOUL, KOREA INVITATION FOR PREQUALIFICATION FOR BUSAN PORT CONSTRUCTION PROJECT

Republic of Korea: The Busan Port Authority of the Ministry of Transportation of the Republic of Korea is presently pre-qualifying construction contractors for the construction of new port facilities at Busan Port. The project will be let on the basis of a unit price lump-sum contract, for all procurement and erection. The project will be financed jointly by the Korean Government and the International Bank for Reconstruction and Development (IBRD). Applicants for prequalification must be from countries which are members of IBRD or from Switzerland and only prequalified contractors will be invited to tender. The project, a new coastal ferry terminal, will consist of the following major parts of work: Two finger piers with a combined area of approximately 6,200 square meters of reinforced concrete-deck supported on piles; approximately 5,800 square meters of asphalt cement paving; approximately 3,320 square meters of single and multi-story reinforced concrete buildings and the installation of utilities including sewer, water, and electrical distribution system.

Contractors with previous experience in similar type of work wishing to prequalify individually or as joint venture should write to the Consultant requesting prequalification documents and enclose five (5) copies of the articles of incorporation of the company organization, financial statements and summaries of construction experience. Prequalification documents will be available starting 2nd September, 1975, and the completed prequalification documents in five (5) copies in English (Korean Contractors must submit five (5) copies in both English and Korean) will be accepted no later than 14th November, 1975, in the office of the Busan Port Authority 46-63, 3rd Street, Daechang-dong, Dong-gu, Busan, Korea.

Any question which may arise concerning the documents prior to their submission should be directed to the office of the Consultant, Lyon Associates, Inc., P.O. Box 559, Gwang Hwa Moon, Seoul 110, Korea.

Director General,
Busan Port Authority,
Ministry of Transportation.

G. E. KENT & SONS LIMITED

NOTICE IS HEREBY GIVEN that one Share Transfer Book of the Company will be closed from 22nd to 27th October 1975 inclusive.

BY ORDER OF THE BOARD,
G. E. KENT & SONS LIMITED
Director & Secretary.

24, Old Broad Street,
London, W1P 4AB.

19th August 1975.

HOME BREWERY COMPANY LIMITED

5% PREFERENCE SHARES

NOTICE IS HEREBY GIVEN that the Transfer Book of the above-named Company will be closed from 15th September, 1975 to the 30th September, 1975 (inclusive) in order that the dividend warrant may be prepared for the half-year ending 30th September, 1975.

BY ORDER OF THE BOARD
R. H. MUGGERIDGE
SECRETARY.

The Brewery,
Derby.

21st August 1975.

IN THE MATTER OF INDIAN COPPER CORPORATION LIMITED

(Incorporated in England with limited liability)

IN MEMBERS VOLUNTARY LIQUIDATION

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Radio

BBC 1

10.00 a.m. Wacky Races. 10.10 Robinson Crusoe. 10.35 The Record Breakers. 1.00 p.m. Lynx. 1.30 Along the Trail. 1.45 News. 2.20 Racing from Goodwood. 4.25 Regional News (except London). 4.25 Play School. 4.30 Natural Break. 5.00 Scooby Doo. 5.40 Sir Prancelot. 5.45 News. 6.00 Nationwide (London only). 6.25 The Disney Adventure. 7.55 The Liver Birds.

2.25 The Other Broadway

Terence Brewer, Frank Gorshin, Marty Allen, Kamahl. 3.00 News. 3.25 Beneath the News. 3.55 The Kojak Movie. 11.30 Nairn's Journeys. 12.00 Weather/Regional News. All Regions on BBC 1, except at the following times: Wales—6.00-6.35 p.m. Wales To-day. 6.35-6.55 A Question of Sport. 6.55-7.10 Heddiw. 7.10-7.40 Bod. 7.40-7.55 Cartoon Time. 12.00 News of Wales. Scotland—6.00-6.35 p.m. Reporting Scotland. 11.30-12.00 Nairn's Journeys.

12.00 Scottish News

Summary. Northern Ireland—4.23-4.25 p.m. Northern Ireland News. 6.00-6.25 Scene Around Six. 12.00 Northern Ireland News Headlines. 12.00-12.05 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); South To-day (from Bristol); South West To-day (from Southampton); Spotlight South-West (from Plymouth).

10.45 The Friday Film: "Beauvoir"

starring Joan Crawford, Diana Dors, Michael Gough and Judy Geeson. 12.05 a.m. It Matters to Me. 12.15 a.m. Report from London except at the following times: 1.25 a.m. ANGLIA. 2.30 Friday Afternoon Film: "The Third Man" starring Joseph Cotten, Orson Welles and Trevor Howard. 4.30 a.m. TV Today. 7.00 General Hospital. 8.00 a.m. Not on Your Mind. 8.10 The Streets of San Francisco. 8.15 a.m. News. 8.20 a.m. The House on Haunted Hill. 8.25 a.m. News. 8.30 a.m. The Third Man. 8.35 a.m. News. 8.40 a.m. The House on Haunted Hill. 8.45 a.m. News. 8.50 a.m. The Third Man. 8.55 a.m. News. 9.00 a.m. The House on Haunted Hill. 9.05 a.m. News. 9.10 a.m. The Third Man. 9.15 a.m. News. 9.20 a.m. The House on Haunted Hill. 9.25 a.m. News. 9.30 a.m. The Third Man. 9.35 a.m. News. 9.40 a.m. The House on Haunted Hill. 9.45 a.m. News. 9.50 a.m. The Third Man. 9.55 a.m. News. 10.00 a.m. The House on Haunted Hill. 10.05 a.m. News. 10.10 a.m. The Third Man. 10.15 a.m. News. 10.20 a.m. The House on Haunted Hill. 10.25 a.m. News. 10.30 a.m. The Third Man. 10.35 a.m. News. 10.40 a.m. The House on Haunted Hill. 10.45 a.m. News. 10.50 a.m. The Third Man. 10.55 a.m. News. 11.00 a.m. The House on Haunted Hill. 11.05 a.m. News. 11.10 a.m. The Third Man. 11.15 a.m. News. 11.20 a.m. The House on Haunted Hill. 11.25 a.m. News. 11.30 a.m. The Third Man. 11.35 a.m. News. 11.40 a.m. The House on Haunted Hill. 11.45 a.m. News. 11.50 a.m. The Third Man. 11.55 a.m. News. 12.00 a.m. The House on Haunted Hill. 12.05 a.m. News. 12.10 a.m. The Third Man. 12.15 a.m. News. 12.20 a.m. The House on Haunted Hill. 12.25 a.m. News. 12.30 a.m. The Third Man. 12.35 a.m. News. 12.40 a.m. The House on Haunted Hill. 12.45 a.m. News. 12.50 a.m. The Third Man. 12.55 a.m. News. 1.00 a.m. The House on Haunted Hill. 1.05 a.m. News. 1.10 a.m. The Third Man. 1.15 a.m. News. 1.20 a.m. The House on Haunted Hill. 1.25 a.m. News. 1.30 a.m. The Third Man. 1.35 a.m. News. 1.40 a.m. The House on Haunted Hill. 1.45 a.m. News. 1.50 a.m. The Third Man. 1.55 a.m. News. 2.00 a.m. The House on Haunted Hill. 2.05 a.m. News. 2.10 a.m. The Third Man. 2.15 a.m. News. 2.20 a.m. The House on Haunted Hill. 2.25 a.m. News. 2.30 a.m. The Third Man. 2.35 a.m. News. 2.40 a.m. The House on Haunted Hill. 2.45 a.m. News. 2.50 a.m. The Third Man. 2.55 a.m. News. 3.00 a.m. The House on Haunted Hill. 3.05 a.m. News. 3.10 a.m. The Third Man. 3.15 a.m. News. 3.20 a.m. The House on Haunted Hill. 3.25 a.m. News. 3.30 a.m. The Third Man. 3.35 a.m. News. 3.40 a.m. The House on Haunted Hill. 3.45 a.m. News. 3.50 a.m. The Third Man. 3.55 a.m. News. 4.00 a.m. The House on Haunted Hill. 4.05 a.m. News. 4.10 a.m. The Third Man. 4.15 a.m. News. 4.20 a.m. The House on Haunted Hill. 4.25 a.m. News. 4.30 a.m. The Third Man. 4.35 a.m. News. 4.40 a.m. The House on Haunted Hill. 4.45 a.m. News. 4.50 a.m. The Third Man. 4.55 a.m. News. 5.00 a.m. The House on Haunted Hill. 5.05 a.m. News. 5.10 a.m. The Third Man. 5.15 a.m. News. 5.20 a.m. The House on Haunted Hill. 5.25 a.m. News. 5.30 a.m. The Third Man. 5.35 a.m. News. 5.40 a.m. The House on Haunted Hill. 5.45 a.m. News. 5.50 a.m. The Third Man. 5.55 a.m. News. 6.00 a.m. The House on Haunted Hill. 6.05 a.m. News. 6.10 a.m. The Third Man. 6.15 a.m. News. 6.20 a.m. The House on Haunted Hill. 6.25 a.m. News. 6.30 a.m. The Third Man. 6.35 a.m. News. 6.40 a.m. The House on Haunted Hill. 6.45 a.m. News. 6.50 a.m. The Third Man. 6.55 a.m. News. 7.00 a.m. The House on Haunted Hill. 7.05 a.m. News. 7.10 a.m. The Third Man. 7.15 a.m. News. 7.20 a.m. The House on Haunted Hill. 7.25 a.m. News. 7.30 a.m. The Third Man. 7.35 a.m. News. 7.40 a.m. The House on Haunted Hill. 7.45 a.m. News. 7.50 a.m. The Third Man. 7.55 a.m. News. 8.00 a.m. The House on Haunted Hill. 8.05 a.m. News. 8.10 a.m. The Third Man. 8.15 a.m. News. 8.20 a.m. The House on Haunted Hill. 8.25 a.m. News. 8.30 a.m. The Third Man. 8.35 a.m. News. 8.40 a.m. The House on Haunted Hill. 8.45 a.m. News. 8.50 a.m. The Third Man. 8.55 a.m. News. 9.00 a.m. The House on Haunted Hill. 9.05 a.m. News. 9.10 a.m. The Third Man. 9.15 a.m. News. 9.20 a.m. The House on Haunted Hill. 9.25 a.m. News. 9.30 a.m. The Third Man. 9.35 a.m. News. 9.40 a.m. The House on Haunted Hill. 9.45 a.m. News. 9.50 a.m. The Third Man. 9.55 a.m. News. 10.00 a.m. The House on Haunted Hill. 10.05 a.m. News. 10.10 a.m. The Third Man. 10.15 a.m. News. 10.20 a.m. The House on Haunted Hill. 10.25 a.m. News. 10.30 a.m. The Third Man. 10.35 a.m. News. 10.40 a.m. The House on Haunted Hill. 10.45 a.m. News. 10.50 a.m. The Third Man. 10.55 a.m. News. 11.00 a.m. The House on Haunted Hill. 11.05 a.m. News. 11.10 a.m. The Third Man. 11.15 a.m. News.

Cinema

Public faces in private places

by NIGEL ANDREWS

Smile Edinburgh Film Festival
The Eiger Sanction (AA)
Universal Pictures
National Film Theatre

A "Young American Miss" Eugene is being released in a small town in the United States. The contestants are a group of clean, ambitious, bright-eyed girls from different parts of America. The organisers are an expansive, toothy car salesman (Bruce Dern), and a well-groomed, forty-year-old housewife (Barbara Feldon) whose special talent is for putting a good face on every crisis in her life—from the ups and downs of the pageant itself to the social embarrassment of her marriage to an alcoholic. Spinning in and out of the orbit of the big event are a temperamental choreographer (Michael Kidd), a little boy—Dern's son—whose punishment for taking snapshots of the contestants, through their dressing-room window is to be packed off to a psychiatrist; and a masonic brotherhood called the Exhausted Roosters, whose initiation ceremonies are held at night in the local park and who number Dern among their leading votaries.

The Books Page is on Page 8
Entertainment Guide on Page 6

Chosen as the opening film in this year's Edinburgh Film Festival, Michael Ritchie's *Smile* is the wildest and most lethally deadpan picture of small-town life since *Milos Forman's The Fireman's Ball*. Like the Czech director's film, which Ritchie himself acknowledges a debt to, it portrays the behind-scenes joys and agonies of an amateur talent contest. Like *Forman's* film also, it shows how the ideals celebrated in a big public jamboree are mirrored in sour-sided parody in the behaviour of the community in which it takes place.

Ritchie, you may remember, made *Downhill Racer* and *The Candidate*, two films that turned a beautiful sour side of life into the personal doubts and promotional hypocrisies that

lie behind big competitive events (whether in sport or politics). *Smile* is very much the same mixture: the only difference being that it has no central character around which to pivot its story (as those two films had heroes played by Robert Redford) and is built more as a series of loosely connecting sketches. The strenuous ploys of the talent show (staged for real by Ritchie, who later used what he wanted for his film) is cross-cut with vignettes of small-town life which illustrate the Americans' determination to preserve a bright, hygienic optimism in the face of every personal calamity or humiliation.

The film sees-saws between tragedy and farce. Dern's co-director, having had a pot shot taken at her by her drunken husband, turns up for the Beauty Pageant in an impeccably tailored, shiny, black, camera-happy suit, victim of an America that hasn't heard of Freud, and probably doesn't wish to be branded a peacock. Feeping Tom and his out-for-examination on the psychiatrist's couch. Most tellingly of all, the alcoholic husband, cajoled by Dern into joining the Exhausted Roosters, has no sooner seen what the initiation ceremony involves—kissing the rear end of a chicken—than he exits screaming from the meeting—returning home to find not tea and con-jugal sympathy, but a wife who has just shopped the carpets and tersely requests him to walk on the paper runners.

The only people to question the values of this society are those who are already crumbling beneath it. It is the fittest who survive to call the tune, and the all-conquering glee of the talent contest bears witness to the source of their strength: the camera misses none of the details here: the cut-throat rivalry that exists behind the girls' sweet, switched-on smiles; the way they gang up together to humiliate one too-ambitious girl; the joyless proficiency of their individual talent spots. The film's sly comedy never slips into caricature, and Ritchie blends cast and crew into the story together—the pageant and the scenes from *Small Town Life*—by filming both in the relaxed, cinema-verité style familiar from his earlier work.

Ritchie's film has its British premiere in Edinburgh on Sunday, August 24th, and it is not



Clint Eastwood in 'The Eiger Sanction'

the only good thing in this year's festival programme. In addition to a sound cross-section of films from this year's major European festivals, Edinburgh is staging several interesting retrospective events. Martin Scorsese, Alain Robbe-Grillet and Shuji Terayama are the contemporary directors chosen for special tributes (each will be visiting Edinburgh); and there are also seasons devoted to Brecht and The Cinema, and to the work of veteran Hollywood director Jacques Tourneur. The festival lasts from August 24 to September 6, and looks to be well worth a trip north of the border.

The Eiger Sanction, directed by and starring Clint Eastwood, is a big, slow, ruminative thriller about an American intelligence agent's attempt to nail an enemy assassin by

inspiration. The film takes an unconsciously long time to reach its climax: most of the two hours traffic of the story being taken up with briefing sessions back home—in which we are introduced to such colourful characters as Eastwood's negro girl friend and albino intelligence boss—and a training stint in Arizona which shows Eastwood the director to pay tribute to John Ford country in a series of spectacular and gratuitous helicopter shots. While an improvement on Eastwood's last film, the generation-gap soap opera, *Breezy*, it is a long way from the hard-edged promise he showed in his first, *Play Misty for Me*.

The National Film Theatre's three-month tribute to Universal Pictures—part one of a 130-film retrospective to be completed next year—is a piece of inspired timing. The American studio's latest hit, *Jaws*, is currently running amok across the U.S., swallowing an all-time box office record after another (the latest copy of *Variety* says just two to go—*The Godfather* and *The Sound of Music*); and you only need to remember that Universal's recent output also includes *The Sting* (fourth biggest money-maker of all time) to realise that, while other major American studios may be tightening their belts, Universal Pictures is currently smiling all the way to the bank.

A look at Universal's history gives one some idea of the studio's record of success. Not only is it the oldest surviving Hollywood studio (founded in 1912) but it owes its longevity not to a play-safe policy but to a consistent appetite for risk and innovation. *Dracula* and *Frankenstein* were born at Universal; Welles, Ford, Hawks, Hitchcock and Kubrick made some of their most original films there; and the lunatic fringe of Universal's stock company included such deathless talents as Maria Montez, Flash Gordon, Woody Woodpecker and Francis the Talking Mule.

The National Film Theatre season is well up to the standard of their recent tributes to Paramount and Warner Brothers. There is a generous sprinkling of familiar titles (*All Quiet on the Western Front*, *Touch of Evil*, *Marnie*, *The Front Page*), but the emphasis is as much on neglected curios as acknowledged classics. A brace of rarely shown Stroheim films, for example—*Poolish Wives* and *Blind Husbands*—a fine picture by John Ford, *Ami Mad!* (*The Man Who Laughs*, least well known of the Hollywood films made by German expressionist director Paul Leni), and *His Butler's Sister*, a Desana Durkin vehicle directed by Frank Borzage, which was left out of the recent season devoted to that director's work.

Albert Hall/Radio 3

BBC Scottish

by RONALD CRICHTON

The encouraging standard set by the BBC Northern and Welsh Symphony Orchestras at recent Proms was maintained on Wednesday by their brethren from Scotland. Under their chief conductor, Christopher Seaman, they played Debussy, Mozart, the *Stone Lullaby* of Maxwell Davies and, after the interval, Sgarbi's *Enigma Variations*. Davies' *Lullaby*, commissioned by the Scottish Orchestra and Glasgow University, is a remarkable outcome of the composer's retreat in the Orkneys. It was well worth bringing to the Proms.

The atmosphere, if not exactly benign, is calm for a composer who can be aggressive and rebarbative. It shows the effect of primitive civilisation can still have on a sophisticated modern sensibility.

The stones are those of the chambered tomb at Maeshowe. Runic inscriptions cut on them by Vikings form the point of departure for the mazy voice part, half vocase, half word-setting. There is a link with

English (and other) nature music of the late romantic period, which might alienate those who admire Mr. Davies above all for the thorns, spikes and parodies of certain other works of his. But the nature music has been assimilated into his marrow. It has formal strength and individual colour and texture—perhaps it is facile to think of fichen, pebbles, straggly moss or low, tough, stemmed shrubs but it is a treat to have the imagination stimulated in such a way.

The score calls for a mezzo-soprano. Jane Manning, who delivered the solo part at this performance looking like a saffron-robed priestess. She can manage with equal authority the clicks and hums of the fragmented writing and the airy cantilena of the more normal phrases—though she is not a mezzo, the low-lying music seems to give her little difficulty. The orchestra sounded well on the point of the beginning, rising string chords near the beginning hardly registered while from my seat the timpani were

virtually inaudible detracted little from the general effect. Mr. Seaman showed his concern for balance in Debussy's *Isleria*, where his approach was determinedly linear, yet it was not this that lessened the usual magic so much as bandmasterly rhythm in the first part and deliberate speeds for the finale, suggesting an outing of old campaigners. The central nocturne, which one might expect to be the most vulnerable to such treatment, stood up surprisingly well.

There was most musical phrasing in Mozart's E flat Piano Concerto K449, whose orchestral writing is the more wonderful for being so simply scored. Even the oboes and horns, which are all Mozart allowed himself apart from strings, are used sparingly. The soloist was that superior Mozartian, Walter Klien, except in the finale a hair's breadth too uncompromising in his inclination to let the themes sing out more fully. The Albert Hall is a large place for this intimate concerto.

Coliseum

Der Rosenkavalier

by MAX LOPPERT

But why on earth the German title for an English-language performance of Strauss' opera, in a theatre where *The Magic Flute* and *Twilight of the Gods* are so long speculations as to their possible titles? On Wednesday, at the opening of the current revival of John Copley's production, the English National Opera offered us an entirely new Octavian, and an Ochs new to London. Their performance were somewhat tentative in effect, sketches for the fuller and more settled interpretations one hopes will follow.

Sandra Browne, slender, handsome, striking in both pose and movement, gave a promising, uneven performance in the title part. The ear was immediately drawn and intrigued, in the opening scene, by the cool, disconcertingly focused, athletic tone, cutting through the plush in manner given to few Octavians. Sometimes the cut was near to sharpness, of pitch as well as timbre: on several occasions of impulses and emotions at the scene and with her very last note of the evening, Miss Browne overshot the mark. She is very good at catching with the jerk of a leg or arm the kaleidoscope of impulses and emotions of the part: as yet this variety is not often mirrored in the phrasing. *Rosenkavalier* is an opera dangerously dependent on the fluency of a likeable first per-

formance only because Miss Browne is a singer who arouses high expectations. The juxtaposition of a black Octavian and a black Mohamed provoked fleetingly speculations as to their possible titles of kinship.

Her adversary was played by the capable Dennis Wicks, broadly though not to the point of irritation, and also not yet with any particular distinguishing mark on the comedy in a way that might herald a new Ochs of unusual merit. He has the low notes, firm if not tuba-like. The other principal roles were, as last year, taken by Anne Evans and Valerie Masterson. Miss Evans's Marschallin looks well, but not right—rather as she sounds. She has not mastered the ability to melt the conversations on her tongue, or learn to turn on the sumptuous, eiderdown warmth of tone at those crucial points where the character is in danger of appearing patronising, or snobbish, or self-pitying. Valerie Masterson's Sophie, pretty and poised soft high notes with a Vogt's relaxed ease, seems less enchanting than when the production was new, a little withdrawn and self-possessed.

If one goes on about the production, that is because *Der Rosenkavalier* is an opera dangerously dependent on the fluency of a likeable first performance only because Miss Browne is a singer who arouses high expectations. The juxtaposition of a black Octavian and a black Mohamed provoked fleetingly speculations as to their possible titles of kinship.

'Venus and Superkid'

Venus and Superkid, Richard Crane's rock musical for children (and others) which was enthusiastically reviewed on this page when it was playing at the Arts, has now moved to the Round House, where the production is opened out to take advantage of the extra room and other amenities in this big and unconventional theatre.

Letter from Tuscany

Barga and Batignano

by WILLIAM WEAVER

No music-lover spending the summer in Tuscany can complain of lack of music these days. Festivals are springing up, well, not like mushrooms (this has been a bad year for mushrooms), but like some less capricious, hardy perennial. At Montepulciano, the tenor Mario Del Monaco, his son, and Hans Werner Henze—unlike trio—were organising a new festival. Older ones are still going strong in Arezzo, Siena, Lucca (to say nothing of Florence), and every good-sized castle seems to be re-echoing with guitar recitals or chamber music.

In this wealth of musical opportunity, Opera Barga, which has just reached the age of ten, can be considered a veteran. Actually, though it calls itself a "Festival lirico internazionale", Barga is a summer school where, for less than £100, young singers, conductors, and instrumentalists can come and study for a month or so. Barga is a lovely, cool, isolated town, and it should be an ideal place for studying. The festival is in reality, the school-leaving exercise, at which the best students are chosen to perform. In the past, some of these students have been very good (the young baritone Sig mund Cowan, praised on this page last year for his impressive Michele in *Il tabarro*, has already gone on to the great world). But it is difficult—perhaps unfair—to judge Barga's productions by the same standards one would apply to professional performances.

This year, Barga staged two operas (Scarlatti's *Il trionfo dell'onore* and Donizetti's *Don Pasquale*), which I was unable to attend. I did so, however, to a *Satie*-like evening, a double homage, commemorating the 50th anniversary of Satie's death and the centenary of Ravel's birth.

The programme included a concert performance of Satie's *Socrate* and two groups of Ravel songs with charming accompaniment, the *Chansons Madécasses* and the *Trois poèmes de Mallarmé*. None of these works is heard often in Italy (the *Satie* is an authentic rarity), but the Barga musicians were, unfortunately, out of their depth, and what looked, on paper, like an interesting event, was more of a trial than a pleasure.

In the first place, the student musicians who accompanied the singers could not produce the suave, nuanced sounds the music demands. And, with one exception, the singers ranged from adequate to inadequate. The exception was the soprano Benedetta Pecchioli, who sang Alcibiade in *Socrate* and the *Madécasses* songs. She is a handsome girl, with a good, warm voice, and musical intelligence (she got carried away in the second song, arriving almost at an undignified verismo violence); a singer to watch. Maria Teresa Rocchina, as Phèdre in the *Satie*, was miscast, but not unpleasing. But Marietta Dean, the Phèdon, perhaps because of nerves, could give little more than a wan idea of "la mort de Socrate", the crucial section of the work. Similarly, Marietta Brumby, in the *Madécasses* songs, was often inaccurate and overly aggressive.

Collette Berthou, conducting, could do little to make the accompaniment of the *Madécasses* sound interesting; she had better results with the *Satie*, where her inflexible beat was apposite for the willfully unemotional music.

I should add that, over its nine years, Barga has developed a sizeable and devoted audience, who warmly applauded the young artists.

The much younger (now it is two years old) "Musica nel

chiostro" at Batignano, near Grosseto, has yet to spread the word of its activities—it would help if they had a telephone—and so, the night I went, there was a less than capacity crowd.

The cloister is the focus of a convent, long abandoned, which the British designer Adam Pollock bought some time ago and is restoring. Naturally, he realised the place's theatrical possibilities, and last year presented *Dido and Aeneas* there. This year his choice fell on Cavalli's *L'Orlando*, a work well suited to the site.

Mr. Pollock was obviously inspired by Glyndebourne, and many of his collaborators in this enterprise came from there. The edition of the opera used was Raymond Leppard's, in a smaller orchestration by Leppard's sometime assistant Henry Ward, who conducted. The more austere string sound was welcome, and the musicians played well, though Ward's conducting was impersonal, almost uninflected. Pollock designed colourful Oriental costumes, and Patrick Libby—the producer—skillfully exploited the convent's possibilities. *L'Orlando* was given in three acts, the first and third

in the cloister, the second in a spacious, if dusty nearby barn. The singing was thoroughly professional and, generally, enjoyable. Silvia Baleani, of the Colon of Buenos Aires, was the only non-Britisher in the cast, and understandably, she sang the Italian words with a clarity and sensitivity most of the others lacked. Her Eraste was appropriately varied, deliciously light-hearted in the first act, noble in the quasi-death scene in the last. Eiddwen Harry, the Sicie, was equally charming and musical (particularly impassioned in the central duet with Amida). The Amida was the young baritone Peter Knapp, who recently sang Szymanowski's *King Roger* in London: the edition of the opera used was Raymond Leppard's, in a smaller orchestration by Leppard's sometime assistant Henry Ward, who conducted. The more austere string sound was welcome, and the musicians played well, though Ward's conducting was impersonal, almost uninflected. Pollock designed colourful Oriental costumes, and Patrick Libby—the producer—skillfully exploited the convent's possibilities. *L'Orlando* was given in three acts, the first and third

European Jazz Federation to meet in Nancy

The next general assembly of the European Jazz Federation will be held in Nancy, on October 16-19. The Nancy Jazz Pulsations '75 will be the host of the event. Details about the general assembly are obtainable from the E.J.F. Secretariat General, P.O. Box 671, A-1011 Vienna, Austria. Programme of the festival is available from Xavier Brocker, 2 rue Frederic Chopin, F-54000 Nancy, France.

Open Space

Rosalind

by MICHAEL COVENEY

As a lunchtime curio, J. M. Barrie's short play might recommend itself to anyone interested in the plight of Edwardian actresses in search of a middle-aged self to fend off the encroaching demands of Father Time. Mrs. Page (Penny Stehli) is such an actress, and one can only suppose that Barrie, who married a thespian in 1904 (only to divorce her a few years later) is here playing with the discordance between what he saw on the stage and what he knew in the home. Mrs. Page's years are just about established in an opening scene with her landlady (Richenda Carey), when, with a creek of plot development, a young blood on a walking tour just happens to call by and rhapsodise over a photograph on the table.

What Charles (Edward Seckerson) sees is a picture of an actress he has adored from afar and, he claims, a bit closer than that. The girl is Mrs. Page's daughter; although the daughter is merely the onstage manifestation of Mrs. Page herself. The arch, out-dated dialogue leads us on to the revelation of Mrs. Page's devotion to her profession, the ruining of her womanhood in the cause of her art. What must have once seemed acceptably sentimental comes across as hollow claptrap. Summoned to repeat her enchanting performance as Rosalind in *As You Like It*, Mrs. Page waltzes out the door, dressed in radiant white and oblivious to the loyal protestations of her admirer.

The play is less accomplished than many of the other short pieces of this author; and its curiosity value is still further reduced by the stilted quality of James Mason's production, unseasonably enacted in front of the trampoline setting of the evening show. (The Marjorie Hamlet has transferred to this address from the Bankside Globe.)

Cockpit

A Sight of Glory

by B. A. YOUNG

This is another piece well laid out for the National Youth Theatre. The scene is the gymnasium of an East End boxing club, where a score of boys are being trained. Some of the better ones will fight in the ABA finals at Wembley, possibly win their fights, perhaps turn pro. Others are just there for the companionship. Barrie Keefe, the author, has caught the character of boys' club conversation perfectly, and the handful of individuals involved in the development of the scene but dramatic plot are sharply drawn.

The boys (there are no girls) seem to set better at the Cockpit than at the Shaw. Under Michael Croft's direction they are confident and relaxed, and some of them show that special quality which I like so much in young players, a complete absence of any professional mannerism. I specially liked Tom Thompson (whom I remember here last year) as the boy who only boxes

for fun and contracts some indisposition if there's any risk of being taken seriously. Michael Ford is the star boxer, who reaches the ABA bantamweight final. Bill Buffery is another star, but is out in a fight with a black boy (Tony Gouveia) who has seduced his sister. All give enjoyable performances, the most interesting being Tony Gouveia's, since his character is susceptible of real development, from wild layabout to teenage imitation of Muhammad Ali.

The plot doesn't really matter much; it is the atmosphere that counts, and this is bang on. The play slows down rather when characters from the older generation are brought in, an ambitious father with an imaginary record in boxing success, a drunken tramp with a true record, both of them pretty tedious folk despite the work their actors put into them. On the whole, though, this is an admirable evening both for the audience and the players.

Midland Bank will be taking care of business at the Leipzig Autumn Trade Fair.



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WORLD TRADE NEWS

Warning on British missions to N. Zealand

By Dai Hayward

WELLINGTON, August 21. MANY BRITISH trade missions to New Zealand have wasted their time because they have concentrated on the wrong products, Mr. Arthur Day, director general of the British Institute of Export, said here. He is visiting New Zealand to meet his opposite numbers in Auckland and Wellington.

Mr. Day gave a warning that future delegations must change their thinking towards New Zealand markets. "Some visiting British trade missions here have been wrongly composed," he declared. "No consumer product companies should take part in such missions as they will be wasting their time."

Consumer durable exporters should concentrate instead on joint ventures with New Zealand companies, he said. Mr. Day believes there is a big potential for such joint venture agreements.

Capital goods and raw material suppliers could also be effective in the New Zealand market. "New Zealand industrial companies which are constantly improving their share of world market are also interested in the export of industrial 'know-how,'" he commented. Mr. Day believed there was scope for more British activity in that field.

Venezuela may be a major oil supplier to Japan

BY CHARLES SMITH, FAR EAST EDITOR, TOKYO, August 21.

VENEZUELA COULD emerge as one of Japan's major oil suppliers and a highly important market for Japanese goods following the visit to Caracas this week by Mr. Takeo Fukuda, the Japanese economic "overlord" and director general of the Economic Planning Agency.

Japan has been an insignificant importer from Venezuela up to now although last year exports to Venezuela more than doubled to \$398m. However, both countries appear interested in negotiating a long-term agreement which could give Venezuela up to 10 per cent of the Japanese crude oil market.

The figure of 10 per cent, was mentioned as a possible target by Dr. Valentino Hernandez, the Venezuelan Oil Minister, on a recent visit to Tokyo. If that level of business was reached, Japan might be absorbing as much as one-fifth of Venezuela's oil exports.

Japan has been anxious to diversify its sources of oil away from the Middle East ever since the 1973 oil crisis but has so far made relatively slow progress in finding other suppliers. Venezuela's oil industry has up to now been largely in the hands of the international majors so that the Venezuelan Government has not been in a position to exercise control over the destination of oil exports.

From the end of 1975, however, the industry will be nationalised so that a large-scale long-term

agreement with Japan becomes a practical possibility. Venezuela as an important holder of oil dollars, is understood to be interested in investing in Japanese equities and possibly in other forms of financial co-operation with Japan. The republic has already deposited oil dollars with the London branches of Japanese banks, following the example set by Arab oil exporting countries last summer.

The third major field for co-operation between the two countries lies in Japanese plant exports and participation in Venezuelan industrialisation. Japanese companies are expected to be bidders for some of the Caracas subway contracts which are due to come up for tender in the near future.

Kobe Steel has declared its intention to bid for an oxygen manufacturing plant which forms part of the expansion programme of the Venezuelan steel industry. Japan has a 20 per cent stake in the Venatim aluminium project which is due to be implemented shortly.

The Venezuelan government has gone out of its way recently to stress its awareness that Japanese companies are increasingly looking for overseas sites for heavy industrial development now that Japan is becoming overcrowded and short of labour. Venezuela is clearly anxious to get its share of this type of Japanese overseas investment.

Sweden cuts steel prices to counter order fall

By William Duffell

STOCKHOLM, August 21.

THE SWEDISH steel works reduced commercial steel prices this week in an effort to reverse the rapid decline in new order bookings. List prices for universal steel plates were cut by Kr.25 (2.75) per ton plus a temporary rebate of Kr.185 (20.32) per ton. Reinforcing bars are offered at a temporary rebate of Kr.150 (18.45) per ton, while the base price for beams has been lowered by Kr.80 (9.78) per ton.

The list price adjustments are in fact no more than indicators, as steel industry sources report that works have already been aligning their prices heavily downwards in order to compete with lower prices offered by European and Japanese mills.

There have so far been no changes to the list prices for special steels, but Swedish companies are very worried about the request by the British Independent Steel Producers' Association to the EEC Commission for application of a ceiling on imports of Swedish special steels.

The latest available figures, for May, showed a fall of 32 per cent in new steel orders, but the most recent survey, conducted by IFVEKANS Affärer, the economic weekly, indicated that the Swedish steel industry has been weathering the world market recession better than most of its foreign competitors.

U.S. lifts indirect trade restrictions on Cuba

WASHINGTON, August 21.

THE UNITED STATES will today lift a ban that has prevented foreign subsidiaries of American companies from trading with Cuba, reliable sources said. It will also end a ruling that barred foreign freighters that have visited Cuba from refuelling in American ports, the sources added. A third change will enable the Government to provide food to countries that trade with Cuba.

The moves, which follow a decision by the Organisation of American States (OAS) to lift its sanctions against Cuba, were seen here as a major conciliatory gesture by the Ford Administration to the Government of Prime Minister Fidel Castro.

Secretary of State Henry Kissinger recently said that "We are prepared to begin a dialogue with Cuba and once that is in progress, we can judge better what the possibilities are for improving our relationships." In a significant gesture by Cuba, Dr. Castro earlier this month returned \$2m. taken from the hijackers of a Southern Airways airliner in Havana in 1972. The measures, due to be announced today, will enable American multinational corporations to become competitive with

their foreign rivals in winning contracts with Cuba. Overseas subsidiaries of U.S. manufacturers will be permitted to sell to Cuba, sources said. But the ban on export directed to Cuba from plants within the U.S. will continue.

Foreign countries have long complained about the restraints on sales to Cuba by U.S. corporations operating within their borders. Argentina and Canada, for example, have argued that U.S. has no business trying to regulate the sales of U.S. firms incorporated under the laws of those countries.

Declare emergency, Mayor told

NEW YORK, Aug. 21.

CITY OFFICIALS in San Francisco, desperately worried by signs of increasing crime and violence during the second day of their city's police strike, have asked Mayor Joseph Alioto to declare an immediate state of emergency. The Mayor has also been formally petitioned to ask California State Governor "Pat" Brown Jr. to send in State highway patrolmen to maintain law and order.

Despite increasing concern over public safety amid unconfirmed reports of a wave of muggings, looting and other violent crimes, the Mayor has so far categorically refused to act on either request. An official on the Governor's staff in the State capital of Sacramento confirmed that the Governor was constitutionally unable to intervene without the Mayor's approval.

In addition to the police strike, San Francisco is now also suffering from a walkout by city firemen. Although it is generally thought that the strike will eventually prove an even greater hazard, so far the impact has been small with such fires as there were handled by emergency teams. At the same time, services at San Francisco international airport, America's fifth busiest, were reported "normal" despite a lack of fire-fighting crews.

The city's battle with its municipal employees centres on demands by both police and fire-fighting unions for pay increases of around 13 per cent, to bring salaries in line with Los Angeles scales. The city so far has refused to consider such large jumps and has offered rises of around 6 per cent. In one isolated piece of good news yesterday, the city's sanitation and transit union announced that they were cancelling planned strikes and accepting this 6 per cent offer.

Reports from San Francisco over the exact extent of lawlessness are mixed. While it is clear that a bomb exploded outside the Mayor's home (causing considerable damage but no injuries), accounts of widespread looting in the city's mission district have been

largely denied. Nevertheless, with only 45 non-strike police men to maintain order, crime levels are expected to rise as current 14-hour shifts exhaust efficiency.

Following a move by the American Civil Liberties Union to gain a court order demanding that picketing police are dismissed, some reports from the city indicate an increased willingness by strikers to restart discussions with the city. Although both sides are now reported to be reconsidering previous demands, little hope exists that there can be any quick settlement and return to work.

In a related development, the crisis in New York City, which like San Francisco attributes its financial troubles to militant city unions, has moved into the political arena. Yesterday the NYC Board of Estimate (which contains most of the top elected officials) met for the third time this year without Mayor Abe

Beame. The meeting apparently broke down in a detailed account of the city's crisis and borrowing needs, represented a clear rebuff to the Mayor who generally has been blamed for not realising the true extent of the city's financial

Nixon fights for tapes

WASHINGTON, August 21.

FORMER PRESIDENT Richard Nixon has told a three-judge court that only he can decide which White House tape recordings relating to the Watergate scandal should be made public.

In a sworn deposition to the court, which will consider his fight for possession of White House tapes and documents, the former President said that only he could make the delicate judgments to ensure that conflicting needs of history, privacy, and national security were met.

Mr. Nixon is challenging the constitutionality of a law passed

after his resignation giving the Government possession of his tapes and documents. He said he would not be satisfied with duplicates of the 42m. documents and 5,000 hours of tape recordings at present being held under court order in Government warehouses or at the White House.

The question-and-answer deposition, which was taken down at Mr. Nixon's home in San Clemente on July 26, is the first time he has spoken on the record since he resigned the Presidency a year ago.

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ASIA'S NEED FOR CHEMICAL FERTILISERS

UN forecasts self-sufficiency by 1985

BY DICK WILSON

A GROUP of international experts meeting in Bangkok has predicted that Asia and the Pacific could become self-sufficient in chemical fertilisers within ten years. Mr. M. C. Verghese, head of the fertiliser section of the United Nations Industrial Development Organisation (UNIDO), claimed that "with regional co-operation in production and trade the Asian-Pacific region can become self-sufficient in nitrogen fertiliser in the next five to ten years."

A UN mission has recently toured 13 countries in the region to assess the opportunities for co-operative production of chemical fertilisers. Its report, completed at Bangkok will be considered at an inter-governmental meeting organised by the UN Economic and Social Commission for Asia and the Pacific (ESCAP) to be held in Bangkok during September.

Mr. Princy H. Sriwardene, deputy executive secretary of

ESCAP, told the meeting that fertiliser output in the region would expand greatly over the next few years, "providing the physical capacity to achieve a balance between supply and demand by the early 1980s."

He gave a warning to Asian governments to be highly cost-conscious. "In the case of plants recently constructed or planned during a period of extraordinarily high world fertiliser prices, it is very difficult to determine whether the cost structures of new industries will permit their products to be competitive with those produced in developed countries," he declared.

Governments in the region might "turn from dangerous dependence on the vagaries of the international market, to the development of high-cost local industries which neglect opportunities for intra-regional trade, specialisation, complementarity and other forms of co-operation."

The upshot of the various plans is that the U.S. and Western Europe may lose their export markets for fertiliser in Asia and the Pacific. The Asian market for potash fertilisers alone is worth \$100m. a year.

The problem of fertiliser supply is particularly acute for the developing countries in the region, and considerable interest attaches to the plans for the fertiliser industry in South East Asia, where there are both funds for investment and a need for fertiliser, but where "know how" is lacking.

Mr. Ratus Prapiro, the Indonesian Minister for Trade, has said that Indonesia should have adequate fertiliser supplies to meet its needs in the next two years. This will be accomplished by completing the Puri-3 fertiliser works at Palembang, and by two floating fertiliser factories which are being constructed in Europe for Pertamina, the Indonesian State-owned oil corporation.

The two floating plants, converted from former ore-carriers, will make ammonia and urea from natural gas, one off East Kalimantan and the other at Jatibarang in West Java. They will take off-shore natural gas direct from the drilling site and convert it into fertiliser at sea. The cost of the two floating factories is estimated at \$200m.

The Puri plant is a \$2m. urea unit to be built with Kurasa Chemical Equipment, Osaka. It will also use natural gas, but will have a daily capacity of 1,725 tons of urea.

The Philippines recently placed a temporary import ban on chemical fertiliser because of surplus equivalent to over nine months' supply.

Annual demand in the Philippines has grown during this decade by an average annual rate of over 20 per cent, and by 1978 it is projected to reach 1.7m. tons.

To meet this demand, Atlas Fertiliser is expanding production with an investment of Pesos 348m. (\$21m.). The new capacity is expected to be operational by the end of 1977, producing 168,400 tons of compound fertiliser combining nitrogenous, phosphatic and potassic fertilisers.

A Singapore investment group has recently approached United National Investment Bancorporation in connection with proposed fertiliser production.

Expansion

Thai Agric, in which Mitsui and the Williams group of the U.S. are partners, has invested Baht 650m. (\$15m.) in an expansion of the fertiliser plant operated by Thai Chemical at Phra Pradaeng.

Present production is 120,000 tons, but under the new scheme capacity will reach 600,000 tons. Completion is expected in five years.

Taiwan has offered to set up a fertiliser factory in Thailand under its agricultural aid programme, but this project may be cancelled as a result of the Thai recognition of Peking.

The Taiwan government claims that the Bangkok authorities will proceed with the Taiwan aid projects, some of which have been very successful, but political factors may override this.

Taiwan expects a record fertiliser output of 1.7m. tons this year. Demand is put at 1.3m., giving a surplus of just over 400,000 tons. It has been decided, however, to keep a minimum of 390,000 tons of fertiliser as stock to ensure adequate local supplies.

China Phosphate Industries is building a large phosphate plant near Kaohsiung capitalised at NT\$1.46bn. (\$17.7m.). This will have four factories, producing phosphoric acid, calcium phosphate, sodium phosphate and sulphuric acid respectively, with the beginning of next year, Coci-

of France and ABR of Belgium are providing technical assistance and "know-how."

Another Taiwan project is the Chang Tai Chemicals project, a \$1.5bn. (NT\$1.5bn. (\$18.1m.)) caprolactam plant, the first to be built in Taiwan.

This is expected to produce 50,000 tons of caprolactam annually beginning this month. It will also produce a surplus of approximately 10,000 tons. The plant will also turn out 80,000 tons of potassium sulphate as a by-product.

Raw materials

The prospects for South East Asian fertiliser production have been boosted by recent discoveries of raw materials within the area. One of the most interesting is in North East Thailand, a major carnallite field. Drilling at Udon Thani has found a 145-foot layer of 80-85% carnallite, and similar finds have been made at nearby sites. It is estimated that five mines could be sunk in this area at an average cost of around \$35m., and with an annual production of 1.2m. tons of potash equivalent.

Potash is currently produced almost exclusively in North America and the Soviet Union, and discoveries in Asia transform the prospects for world trade in fertiliser. Synthetic fertiliser is currently produced almost exclusively in North America and the Soviet Union, and discoveries in Asia transform the prospects for world trade in fertiliser.

Another mineral rich in potash has been discovered in Laos by a group of American surveyors, but the political situation in that country rules out early exploitation of the find.

Discovery of phosphate has been made in Indonesian Borneo,

Japan's urea and ammonium sulphate industry yesterday signed a \$300m. (\$48m.) contract to provide China with 500,000 tons of urea and 220,000 tons of ammonium sulphate for delivery by January 31. Prices had not been disclosed. The contract calls for a 60-day advance finance period and settlement in U.S. dollars.

Local reports indicate the price is less than \$30,000 (\$30) per metric ton f.o.b., which would be about \$25,000 less than the price quoted for the same type of fertilisers delivered to China during the preceding six periods.

AP-DJ

with more than 150 caves each containing about 8,000 tons of phosphate deposits of up to 30% P₂O₅ content.

Mr. Verghese told the Bangkok meeting that new phosphate discoveries in Iran, India, Pakistan, Sri Lanka, Malaysia and Vietnam should be exploited as soon as possible, as a regional basis for gas and oil would obviously be given preference as raw materials for fertiliser, but coal and electricity were being increasingly considered where economically feasible.

Bangladesh is anxious to develop its natural gas resources to produce fertiliser, and has invited the co-operation of South East Asian countries, including Thailand. The UN has also recommended fertiliser plant valued at \$245m. to be constructed on the basis of regional planning in the South East Asian area. This would comprise a two-unit nitrogenous fertiliser plant based on natural gas, to meet the estimated shortfall in South East Asia of 165,000 tons of nitrogen this year, rising to almost 600,000 tons by the end of the decade.

There would also be a triple superphosphate complex producing 122,000 tons per year of P₂O₅, with corresponding phosphoric acid and sulphuric acid units, to meet a part of the estimated South East Asian shortfall of almost 300,000 tons by the end of this decade. These recommendations have been considered by the five governments in the Association of South East Asian Nations but no action has so far been taken on them.

CANADIANS DENY CHINESE CLAIM

PEKING, August 21.

CANADIAN diplomats said today that they were mystified by a Chinese newspaper report that Soviet bombers frequently flew over Canada. The official People's Daily claimed yesterday that Soviet warplanes were intruding into Canadian air space.

Reuter

Spanish bases talks to continue

MADRID, August 21.

TALKS TO renew an agreement permitting United States military bases in Spain were still hampered by considerable differences, according to informed sources here today.

The talks, which had been expected to end today, will continue for at least one more

session to-morrow, the sources added.

Spanish diplomatic sources warned on Monday that unless Spain could obtain a closer defence relationship with the U.S. it would ask the Americans to reduce their military presence in Spain. The reduction might

mean army, needs to go into the field. Combat equipment is not covered. It includes the price of the lease of a service charge.

The agreement was concluded in 1973. The Defence Supply Agency recently let \$30m. in contracts to U.S. clothing manufacturers for the woolen cloth needed for the uniforms.

UPI

THE PACIFIC COMMODITIES EXCHANGE

Down but not out

BY ART GARCIA IN SAN FRANCISCO

WHAT HAD started as an ambitious dream three years ago came close to turning into a financial nightmare at the young Pacific Commodities Exchange in San Francisco. But after a series of setbacks, the exchange is now winning its fight for survival. Although things appeared bleak at the beginning of this year, the exchange is now looking ahead with new confidence, even though some of the scars of the past year still show.

Mr. Most thinks the experiment's success has demonstrated several things, he says in reflecting upon the PCE's troubles since it opened for trading in coconut oil in the autumn of 1972. "I don't think it's an accident that no other new regulated commodities exchange has been started in the United States in the past 50 years," he adds.

Mr. Most admits the PCE in January considered shutting its doors and going out of business. "We took a look at the possibility," he says. "But our board recognised that if we ever closed this exchange, the difficulty of getting started in such a new market would be even greater."

Besides being the first U.S. Government-regulated new commodities market in more than half a century, the PCE when it opened three years ago was the first commodities futures exchange west of Kansas City and the first commodities exchange to be established in the U.S. to offer its shares in a registered public stock offering. It was probably also the most heavily researched new project with the University of California, Commissioned by the PCE's early backers to complete a two-year feasibility study of preliminary plans that called for a computerized exchange dealing in

western U.S. and Pacific region commodities.

Regarded then as the "exchange of the future," it was to have no pit, ring or trading floor and would be linked by a vast communications network. It would provide split-second automatic execution of orders and a reduction in management pay. The fledgling PCE believes it is now winning its fight for survival. Although things appeared bleak at the beginning of this year, the exchange is now looking ahead with new confidence, even though some of the scars of the past year still show.

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western U.S. and Pacific region

OVERSEAS NEWS

Red Cross asked to intervene in Timor

LISBON, August 21.

THE PORTUGUESE Government today appealed for help from the International Red Cross for its Far Eastern territory of Timor, where heavy casualties are reported after fighting between rival independence groups.

A presidential communique issued here early today said that the fighting was out of control. It gave no figures for the casualties, but official sources here said many people had been killed. In Dili, Timor's capital, an official communique said that the civil war could only be brought under control by international intervention.

A later statement from the foreign ministry said that the Government had asked the International Red Cross to help foreign nationals at present in the territory, the eastern half of the island situated in the Indonesian archipelago.

The presidential statement said nearly all Timorese in the Portuguese armed forces there had deserted and joined the rival factions. Timorese made up the large majority of Portuguese troops on the island.

The sources said some white soldiers from mainland Portugal were also believed to have joined Fretilin—the most left-wing of the independence groups. They described the Portuguese forces on the island as in total disarray, but said that the Portuguese Governor, Colonel Lemos Pires, was safe and in radio contact with Macao and Australia. Reuter

Egypt's wary welcome for Kissinger shuttle

BY MICHAEL TINGAY

ALEXANDRIA, August 21.

U.S. Secretary of State Henry Kissinger is due in Alexandria at Al Nuzha airport on Friday afternoon where he will be met by Egyptian Deputy Prime Minister and Foreign Minister Ismail Fahmy for the Egyptian end of the first leg of his 11th diplomatic tour in the Middle East.

According to Egyptian Press reports, Dr. Kissinger and Mr. Fahmy will fly by helicopter direct to Ras El Tin palace before an evening round of discussions with President Sadat at his rest house at Maamoura.

With the abortive March shuttle still in the minds of many Egyptians, a long report in today's issue of Al Gomhouriya stressed that President Ford had assumed responsibility for the failure or success of this tour. Egyptian circles remain optimistic about the interim agreement, though responsible sources quickly pointed an accusing

finger at the anti-Kissinger demonstrations in Israel, the Israeli raid on the PFLP camp and today's air raid which killed 12 people in the remote village of Ham near the Lebanese border with Syria. These sources cited as examples of Israel's "diversionary devices."

Egyptians at official level, however, are aware and tolerant of Israel's need to deflect domestic opposition with aggressive postures. One official source accepts Henry Kissinger's reminder of last month that the interim agreement could go through "if the two sides can survive each other's public statements."

This goes for public positions and public actions. The same source had stressed that Mr. Sadat was taking considerable risks both with fellow Arabs and at home. He believed that Egypt is talking with unprecedented flexibility, and some

believe that if the Israelis withdraw to beyond the eastern end of the passes, as Al Gomhouriya today predicted, this will be compensated by an Israeli civilian presence with an American early warning team to the west of the passes, possibly at Umm Khushayb, the high peak where Israel has its early warning station.

But against accusations from the militants that he is giving too much for this second stage military withdrawal Mr. Sadat will be able to cite the valuable addition of 4m. tons a year of heavy crude from the Sinai oil fields which bring Egyptian production up to a healthy 12m. tons a year, as well as the value to foreign investment confidence of more territory in Sinai. One top official recently claimed, "Did you really think we believed Arab and Western in-

tervention would bring us back with just a few kilometres east of the Suez Canal?"

'No new constitution' for India

BY K. K. SHARMA

NEW DELHI, August 21.

INDIA'S prime minister, Mrs. Indira Gandhi, today ruled out the possibility of forming a constituent assembly to give the country a new constitution. "Neither the spirit of our constitution nor its essential characteristics can change," she said.

In an interview to the Bombay weekly, *the Prime Minister* said: "We cannot but be a

democracy, a secular democracy and a democracy striving steadily to enlarge its socialist content."

An important addition by her was: "the importance of representative institutions or the place of parliament cannot change either." Elaborating further to quell rumours of major changes in the country's constitution and democratic structure, Mrs. Gandhi said: "nor can there be any fundamental departure in the scheme of Centre State relations which our founding fathers devised to serve the needs of a country of our diversity."

Mrs. Gandhi was asked whether the Government was taking a second look at the constitution, what changes were contemplated and whether a new constituent assembly was being considered for the purpose. After making the above assertions Mrs. Gandhi said: "But we can and should have a look at the provisions and procedures we have to give effect to the adopted objectives of the constitution. Many of these procedures and provisions have in effect worked against the Constitution and given enormous scope for small obstructive groups to create trouble and engineer crises."

Mrs. Gandhi said that she thought it was too early to examine whether the Constitution was working. She said that the Government in Delhi was not in a position to make any changes in the Constitution. She said that the Government in Delhi was not in a position to make any changes in the Constitution.

The Prime Minister invited lawyers, political scientists and leaders of the intellectual world earnestly to study problems that have come up and give suggestions on these aspects. Despite Mrs. Gandhi's assurances on the constitution, some of the country's basic structure, it is considering certain changes in the constitution: for example, the chief ministers of Congress States met earlier this week to seek changes to protect land reforms.

Foreign journalists who flew into Bangladesh yesterday are being expelled, the Press Secretary at the Bangladesh deputy High Commission in Calcutta, Mr. Masood Ali, said today.

He said that he had received instructions from the new Government in Dhaka that no visas were to be issued to journalists and that no one without a visa would be permitted to enter the country. Mr. Masood Ali said that these journalists already there were being sent out.

Mrs. Gandhi said that she thought it was too early to examine whether the Constitution was working. She said that the Government in Delhi was not in a position to make any changes in the Constitution. She said that the Government in Delhi was not in a position to make any changes in the Constitution.

Japan may normalise ties with Hanoi 'very soon'

BY CHARLES SMITH, FAR EAST EDITOR TOKYO, August 21.

JAPAN expects to reach agreement "very, very soon," with North Vietnam on a package deal which would finally normalise the two countries' diplomatic relations after almost two years of intermittent negotiations, and will be tied to Japanese Government recognised North Vietnam in 1973, but the North Vietnamese Government declared its unreadiness to accept a Japanese embassy in Hanoi at that time in part because of Japan's refusal to recognise the Provisional Government of South Vietnam. Japan still has an embassy in Saigon which difficulties also arose over the terms of a Japanese aid package ever, the embassy has no official resolution.

The agreement, whose final details are being worked out by Japanese and North Vietnamese negotiators in Vietnam, will on normalisation. The negotiations with North Vietnam seem likely to mean unreadiness to accept a Japanese embassy in Hanoi at that time in part because of Japan's refusal to recognise the Provisional Government of South Vietnam. Japan still has an embassy in Saigon which difficulties also arose over the terms of a Japanese aid package ever, the embassy has no official resolution.

Sihanouk likely to return

BY OUR ASIA CORRESPONDENT

PRINCE Norodom Sihanouk, Premier under the former King of Cambodia, is likely to return to his country soon after more than five years of exile.

Reports from Peking, Prince Sihanouk's exile home, and from Pyongyang, where he has been staying for the past few months, suggest that he has made a deal with the Khmer Rouge leaders whom he nominally commands. He is expected to leave for a brief stopover in Peking before the end of the week.

The North Korean radio yesterday quoted President Kim Il-Sung as saying at a banquet: "We hope Prince Sihanouk would relay our greetings to the Cambodian people when he returns to his native land."

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DR. KISSINGER'S PEACE SHUTTLE

Cold comfort for Palestinians

BY ALAIN CASS

SUCCESS BY Dr. Henry Kissinger in his second attempt to construct an interim agreement between Egypt and Israel is not assured. But the signs are that his chances of success this time are infinitely better than they were when he failed last March and should be pulled off, the applause in Cairo and Jerusalem is unlikely to be echoed in the refugee camps of Lebanon and Syria.

There, the feelings of frustration and despair which have been carefully controlled by the movement's leadership with the promise that each succeeding step in the process of peace will bring them closer to their distant aims will grow and those who reluctantly agreed to give an immediate process a try will not be so easily placated in future. Certainly, one can expect some violent reactions if only to prove that the PLO is still a force to be reckoned with.

Recognition

Again, the actual terms of a Sinai agreement are still far from clear, but it would probably be a reasonable guess to say that the Palestinians and their demands for recognition and a place in the diplomatic process are unlikely to receive too much attention. The next step after Sinai is the Golan Heights, and even the Syrians would not be willing to endanger a retreat on that front by having the Egyptians insist too hard on the immediate resolution of the Palestinian issue.

The best that the Palestine Liberation Organisation can hope for this time is a more positive reference to a wider and more lasting settlement. Realism, and possibly, some more tangible recognition by the U.S. that the Palestinian problem exists as a political issue and that the Americans will eventually get round to it.

Mr. Yasser Arafat, the PLO's political and astute chairman, force of Jordan's King Hussein, was not expecting much more; he has, no doubt, prepared his supporters for the worst and is ready King Hussein has bounced back into the political arena and now leadership by those who have found himself courted, not just

consistently opposed his belief that diplomacy also has a place in the strategy of revolution. However, in surveying the fortunes of his movement and the implications for the revolution of a new Sinai deal, it would be surprising were he to find much scope for satisfaction in the immediate future.

The PLO's high point was probably Mr. Arafat's appearance before the UN General Assembly where he delivered his celebrated speech in which he said he came holding a gun in one hand and an olive branch in the other. It was a speech which caused as much anger in his own camp as it did in that of the movement's enemies and, perhaps predictably, demonstrated his almost impossible task of exploiting the outcome of the October war without being really an army or a state.

In retrospect, the resolutions of the Arab summit in Rabat, which confirmed the PLO as the sole legitimate representatives of the Palestinian people and conferred upon it the right to negotiate (or fight) for the return of the West Bank of Jordan and the Gaza strip, were not as binding as they sounded, as subsequent events have proved, and the movement's position today is, at best, no stronger than it was in October last year.

The PLO did it, it is true, managed to strengthen its position in Lebanon—the only base of operations against Israel from which it can operate more or less freely—during the recent disturbances there. Attempts by the right-wing Phalangist party to provoke a confrontation between the Palestinians and the Lebanese army failed.

Mr. Arafat has also managed to consolidate his personal position as a plausible world figure and, possibly, some more tangible recognition by the U.S. that the Palestinian problem exists as a political issue and that the Americans will eventually get round to it.

Mr. Yasser Arafat, the PLO's political and astute chairman, force of Jordan's King Hussein, was not expecting much more; he has, no doubt, prepared his supporters for the worst and is ready King Hussein has bounced back into the political arena and now leadership by those who have found himself courted, not just

by his traditional allies, but by radicals like the Syrians who, in the past, have never disguised their contempt for the man they considered was the Palestinian revolution's worst enemy.

The Syrians are, of course, masters of politics in the Middle East, but their present initiative which involves running with the Palestinian hare and hunting the Jordanian hound must rank as one of their more interesting efforts. Having concluded a "union" both on the military and political level with the PLO, President Assad (who was the chief architect of the anti-Jordanian Rabat resolutions) is now trying to do the same thing with Jordan. The apparent aim is to reconcile the Jordanians and the Palestinians who have been bitter enemies since the civil war in Jordan five years ago, and create an eastern front against Israel to protect themselves against the consequences of a settlement in Sinai. The logic of this is clear enough and within that very limited context, is probably an acceptable idea to both sides.

Rapprochement

The danger, however, for the PLO is that the rapprochement between Syria and Jordan is that it gives King Hussein the political respectability he badly needs and significantly increases the chances that he might, somehow, manoeuvre himself back into the negotiating process for the return of the West Bank. This fear must be reinforced by the knowledge that the Syrians, their public pronouncements notwithstanding, clearly feel that the Hashemite monarch still has a role to play in recovering the territory and that King Hussein, whatever he may say, has not given up the hope that, one day, the Arabs will ask him to do precisely that.

No doubt the Syrians have assured Mr. Arafat that, if anything, the new entente will work to their advantage and that they had to come down on anyone's side, it will certainly not be on King Hussein's. But made it easier.

Zambian contingencies

BY TREVOR GRUNDY

LUSAKA, August 21.

PLANNING experts here are working around the clock on the country's biggest re-routing exercise since the closure of its border with Rhodesia in January 1975.

Because of the state of civil war in neighbouring Angola all ships bound for Lobito—Zambia's main import and export centre—have been diverted to heavily congested Dar Es Salaam and the Mozambique port of Beira. Ships have already been turned back from Lobito and at least 100,000 tonnes of Zambian bound cargo is stranded there, including

48,000 tonnes of badly needed wheat. Lobito used to handle 30,000 tonnes of copper a month—half of the country's total exports. Nearly 26,000 tonnes of copper, worth \$30m. kwacha is now stranded at Lobito. On top of this, Zambia has to pay 30 per cent surcharge on goods stranded at Lobito and the Minister for Contingency Planning, Mr. Haswell Mwale has warned that the extra costs will be passed on to the Zambian consumer when — and if — the abandoned goods arrive here.

Nigerian call for civil rule

LAGOS, August 21.

CHIEF Obafemi Awolowo, Chancellor of the University of Ife, Lagos, today called for a bloodless military coup.

Chief Awolowo was Commissioner for Finance and Vice-Chairman of General Gowon's federal executive before resigning in 1971.

Chief Awolowo said the ban on political activities posed when the army seized power in 1966 and the state of emergency imposed during the 1967-70 civil war should cease by October 1 this year as a prelude to the return to democratic rule.

Chief Awolowo since General Yakubu Gowon was toppled on July 29 in a bloodless military coup.

Chief Awolowo was Commissioner for Finance and Vice-Chairman of General Gowon's federal executive before resigning in 1971.

Chief Awolowo said the ban on political activities posed when the army seized power in 1966 and the state of emergency imposed during the 1967-70 civil war should cease by October 1 this year as a prelude to the return to democratic rule.

It was the first public statement on pressing national issues.

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INTERIM STATEMENT



SOUTHVAAL HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

INTERIM REPORT FOR THE HALF-YEAR ENDED 30TH JUNE, 1975

Financial Results:

The following are the unaudited results of the company for the half-year ended 30th June 1975 together with comparative figures for the half-year ended 30th June 1974 and the year ended 31st December 1974:

	Half-year ended 30.6.75	Half-year ended 30.6.74	Year ended 31.12.74
Interest received	417 000	406 000	831 000
Royalty received	—	—	2 810 000
	417 000	406 000	3 641 000
Deduct:			
Administration and other expenses	81 000	47 000	143 000
Profit before Taxation	336 000	359 000	3 498 000
Deduct:			
Taxation—South African normal tax	138 000	145 000	1 433 000
Net Profit after taxation	R198 000	R214 000	R2 065 000

Notes:

1. Dividends: No dividends were declared during the six months under review. Dividend No. 1 of 9 cents per share declared on 12th December 1974 was paid on 6th February 1975.

2. Royalties:

As indicated in the report of Vaal Reefs Exploration and Mining Company Limited for the quarter ended 30th June 1975 an amount of R1 340 000 (1974: R2 000 000) has been provided by Vaal Reefs in respect of the royalty to Southvaal Holdings for the half-year ended 30th June 1975.

3. Loan to Vaal Reefs:

As at 30th June 1975 the amount on loan to Vaal Reefs for financing capital expenditure in the area south of the Vaal river

EUROPEAN NEWS

EAST-WEST GERMAN RELATIONS

Satisfying the Wanderlust

BY LESLIE COLITT, IN BERLIN

EAST AND WEST Germany are by saying: "Security comes learning to tolerate, if not like, first—that is, before permits to each other as a result of their travel. This has been emphasised in a publication aimed at here in December 1972. The young East Germans, the same accord, which was designed to defend the German problem, can be seen as a forerunner of the freedom of movement enjoyed months' Helsinki Documents on security and co-operation in through the GDR and the rest Europe.

The German Democratic Republic (GDR), as the smaller and instinctively defensive partner to the Treaty, has had to absorb the brunt of the ensuing changes. To its own pleasant surprise, the GDR has had few repercussions on its internal stability. After the building of the Berlin Wall in 1961 only a trickle of West Germans were permitted into the GDR. In the first half of this year alone, West German and West Berliners made well over 3m. trips to the East. Each weekend the GDR turns into an overseas all-German *happening*, with Westerners providing the coffee and Easterners the cakes and whipped cream.

Travel by Easterners to the West—also foreseen by the Helsinki text—has been more difficult in divided Germany. It is largely restricted to the same group of East German pensioners allowed to make the trip before the two countries signed their treaty. Some 19,000 other East Germans so far this year have been allowed on short trips to the West, under a provision for such visits in the event of a death, birth, marriage or special wedding anniversary among their West German relatives. Even so, the wife are seldom let out together, and great numbers of East German citizens have been excluded altogether for security reasons.

Meanwhile the invasion of the GDR by West German tourists and simultaneous opening of the GDR's eastern and southern borders for visaless travel to Poland and Czechoslovakia, have only whetted the appetite of East Germans for travel to West Germany. This growing Wanderlust is a headache that refuses to go away for the East German leadership. Until now it has been unwilling to put GDR patriotism to the test of liberalised travel to the West.

In an interview given after his return from Helsinki, Herr Erich Honecker, the GDR's Communist Party chief, put a damper on popular expectations



Herr Honecker: putting a damper on popular expectations.

of Europe. The article in the Communist youth organisation newspaper notes that the GDR will not allow itself to be weakened in any way under the pretence of 'humanitarianism'. Westerners who have frequent contact with East Germans maintain that if the GDR would guarantee all its citizens, and not only pensioners, an annual permit for Western travel, the initial percentage of those returning to return home would soon fall to a minimal level. They cite the example of Hungary, which began permitting large-scale travel to the West in the late 1960s, and after an initial bloodletting now loses less than 0.5 per cent of its manpower from such trips.

On the other hand, it is argued that Hungarians are not Germans and that GDR citizens travelling in West Germany would not be casual tourists. East Germans, like West Ger-

mans, are constantly making comparisons, and on the material level, attempting to achieve what their counterparts already have. East Germans are curious about every facet of West German life and, work-oriented as they are, are likely to be interested in learning how West German offices and factories are run as in seeing the Bavarian Alps or the Rhine. This does not fit in with the official GDR policy of strict separation between the two Germans.

Although East Germans are intent on proving that socialism can work, particularly in the GDR, they often find it difficult to accept their leadership's abstract arguments. GDR officials, for example, point to an intensification of the East-West ideological struggle in answer to widespread East German call for a greater freedom of movement throughout Europe. Some East Germans, however, detect a hopeful sign in the choice of Yugoslavia for this summer's holiday by East Germany's respected Prime Minister, Herr Horst Sindermann. As a holiday starter the Western Balkans would suit most East Germans.

Satisfying East German desires, not only for consumer goods, is of increasing concern to the ruling Socialist Unity Party. Pressures have arisen as seldom before to boost labour productivity in the face of the inflated prices the GDR must now pay for oil and other raw materials from the Soviet Union and the West. One-third of this year's planned growth in national income will be sacrificed if savings are not achieved by greatly improved output per man hour, combined with strict economies in the use of energy and other raw materials.

This is where the much maligned West German connection turns out to be a unique advantage for the GDR. Duty-free trade between the two Germans and an annual interest-free trade credit from West Germany of DM750m. mean the GDR can obtain badly needed capital goods from the West without dipping into its hard currency reserves.

Contrary to earlier predictions, inter-German trade is holding up remarkably well this year. Total trade turnover should amount to about DM7.2bn. compared with DM6.9bn. in 1974. Expanded East German imports of crude oil from West Germany, as well

Portugal's Press shaking off Communist controls

LISBON, August 21

PORTUGAL'S PRESS has suddenly begun to cut loose from attempts to bring it under Government or Communist control. A few weeks ago it seemed just a matter of time before Communist-dominated workers' committees, helped by a Left-wing drafted Press law, would rule supreme over all editorial content. But this has all changed with the latest surge of anti-Communism and the erosion of military support for pro-Communist Prime Minister Vasco Gonçalves.

Journalists have resisted attempts by pro-Communist Information Minister Jorge Correia Jesuino to stop details coming into the open of the yawning split in the ruling Armed Forces Movement, and now it seems a free-for-all, with quarters given. Reports of the struggle for political power are blazoned across the nation's newspapers in unexpurgated detail.

The Communists, backed by just one faltering military faction and no longer by the full authority of the Armed Forces Movement, have lost control of the 800-strong journalists' union, and the first statement by the union's new Socialist and Communist newspaper, *Diário de Notícias*, who are trying to reverse its bias towards the Communists.

State television journalists complained publicly that Commander Jesuino was ordering them to screen details of an anti-Government manifesto drawn up by nine prominent moderate officers, even though it had appeared in full in a *Diário de Notícias* editorial. When Commander Jesuino then asked newspapers to refrain from publishing a counter-manifesto by the extreme Left-wing Copcon military security group, the full text was published 12 hours later in two Lisbon dailies.

Journalists are also ignoring a military order to submit all reports about the fighting in Angola to the Ministry of the Fifth Division—the Communist-dominated information and propaganda service of the armed forces.

The day after the order came into effect, the head of the Fifth Division, Captain Ramiro Correia, summoned editors to discuss its working. They bluntly told him that they were against any form of prior censorship and that accurate reporting of Angola was their better bet.

The day after the order came into effect, the head of the Fifth Division, Captain Ramiro Correia, summoned editors to discuss its working. They bluntly told him that they were against any form of prior censorship and that accurate reporting of Angola was their better bet.

The Communist influence, where it is intact comes through clearly. Undesirable reports may be relegated to a tiny corner, or to an inside page, or printed with deprecatory comments or suppressed. The Lisbon morning newspaper *O Seculo* refused to print an appeal to the Portuguese nation from ex-President Spínola even though it had been issued as a communiqué from the office of incumbent President Costa Gomes.

However, the methods of the workers' committees have also been used to attempt to make Communist control absolute, with Socialist and various extreme-Left journalists fighting a running battle.

The weekly *Expresso*, edited by Francisco Pinto Balsemão, a leader of the centre-Left Popular Democratic Party, continuously published well-informed reports on the fighting within the Armed Forces Movement. For a long time it was the only publication daring to catalogue the ideological and political influence in the movement. Then it was joined by *Jornal Novo*, a new evening newspaper of largely Socialist tone, which has criticised and mocked radical Leftists in the army.

The Communists then gained control of Republic from the Socialists in July. The former editor, Raul Rego, countered by announcing he was starting a new newspaper, *A Luta* (The Struggle), due to open by the end of this month. The Communists struck back by arranging a meeting of workers of *Diário de Notícias*, who voted to suspend the 30 journalists from their duties on the newspaper.

Thus, like the government, the fate of the Press is in the balance, the outcome no doubt depending on the struggle for political power at the highest level among the soldiers and civilians.

Bank of Italy confident of financing payments deficit

BY RUPERT CORNWELL

ROME, August 21

ITALY'S decision to apply for a loan from the IMF's oil facility to help finance its payments deficit of SDR780m. is explained by the official sources here as merely the most sensible and economic way of financing part of the country's expected payments deficit this year.

The latest internal forecasts suggest that Italy's current account deficit will improve dramatically to only \$2bn. in 1975 from over \$5bn. in the critical year of 1974.

The oil deficit is likely to reach around \$5.5bn. thus implying a "net-oil" surplus of around \$3.5bn.—far better than the pledge given by a beleaguered Italy to the Fund at the time

of the vital 1974 standby credit, which its account would be just breaking even by the end of this year. Against this background it is hardly surprising that the Treasury Ministry has chosen the cheaper option of seven year financing at 7.25 per cent from the IMF to the alternative of further borrowing on the Euro-market, where rates are much higher.

The covering of this year's deficit is contemplated with security at the Bank of Italy, with half coming from the new credit, assuming this is approved to-morrow, and the remainder from normal capital inflows. One

official to-day was indeed wryly speculating on the possible recovery by the country of its "financial virginity," after the alarms of 1974, when its creditworthiness plummeted almost to zero.

Nonetheless, according to the latest figures, Italy's total foreign debts still stand at \$14bn. \$7bn. of which came from public sector borrowing and another \$6bn. from loans granted by other monetary authorities. Of the latter, Italy still has to repay by next August the outstanding \$1.5bn. of the \$2bn. it received in extremis from the Bundesbank last summer, with Italian gold used as collateral.

French industry more optimistic

BY ROBERT MAUTHNER

PARIS, August 21

FRENCH industrialists and businessmen are taking a slightly more optimistic view of the economic situation, although there are no signs that they expect a strong upturn, according to the latest quarterly findings of the National Institute of Statistics.

Having adjusted their production to the lower level of demand since the spring, industrialists are still expecting a small drop in output but less than during previous months. Indeed, it was significant that the industrial production index in June recovered to its early spring level after a sharp drop in May.

No real improvement in foreign demand is foreseen by French businessmen, whose more optimistic view of the future is based mainly on a recovery of domestic demand. No doubt they would have been less cautious in their optimism if they had been certain that the Government intended to adopt a deflationary package in the early autumn, but this had not yet been announced officially when the questionnaire was completed.

The overall picture painted by the institute's report, however, remains fairly sombre. In spite of its relative recovery in June, industrial production fell by 3 per cent during the three-month

period ending that month, and just before the summer holidays, only 13 per cent of the industrialists questioned said they could not increase their production compared with 15 per cent three months previously.

According to the institute, the last time that such low percentages for capacity production were recorded was in 1962. As a result, 31 sectors, with exception, have been reducing their labour force.

A particularly worrying feature, and one which the authorities obviously have to take into account when working out their stimulatory measures, is the sharp fall in orders for capital goods—9 per cent in value between the second half of 1973 and the first six months of 1975.

Industrialists have progressively revised downwards their investment intentions for 1975, and their latest forecasts point to an overall drop in productive investment of 5 per cent between 1974 and 1975.

One positive result of the slack economic situation, however, is that producer prices have been rising only very slowly. Between March and June this year, they went up by no more than 0.2 per cent, and the year-on-year increase in 1975 is expected to be only 4 per cent, compared with a probable rise in the cost-of-living index of between 9 and 10 per cent.

U.S. troops for north Germany

BY JONATHAN CARR

BONN, August 21

BROAD AGREEMENT has been reached on the stationing of a U.S. combat brigade in northern West Germany, hitherto the preserve of other Nato forces, notably those of the British and American armies.

The number of U.S. troops here, about 200,000, would thus undergo no substantial change, though the cost of billeting should be somewhat reduced since combat troops are not accompanied by dependants.

One of these brigades has arrived and is to have its headquarters in Wiesbaden in the southern half of West Germany where U.S. forces have been stationed to date. But a German-American committee has now agreed in principle that the other is to be based in the state of Lower Saxony in the North.

The initiative for the placing of forces in the North came from the American side. The move is evidently aimed at keeping some degree of balance against the Soviet advance in the event of a further sign of U.S. commitment to European defence.

General Alexander Haig, Allied Commander in Europe, announced to-day that he would co-ordinate this fall the NATO summit conference, instead of leaving them to individual nations or small groups, UPI reports from Washington.

Yugoslavia has renewed its request for U.S. armaments, American Congressional sources said. Reuter reports from Belgrade. The issue was brought up by the Yugoslav side in talks which a visiting group of U.S. Congressmen had with Foreign Minister Milos Mincic, the sources said.

A draft convention to prohibit military or other hostile use of environmental modification techniques was tabled jointly by Russia and the U.S. at the disarmament conference, writes David Egli from Geneva. Representatives of both sides expressed confidence that rapid progress would be made in this area in the next session of the conference, resulting in a definitive text within a year.

Greek junta verdict to-morrow

ATHENS, August 21

THE COURT trying former Greek President Georgios Papadopoulos and 19 of his associates in the former junta said to-day it would deliver its verdict on Saturday.

The court adjourned until Saturday after hearing the final pleas of defence lawyers, who claimed that the charges of high treason and military revolt on April 21, 1967, could not apply to their clients. Lawyer Dimitrios Dilynas, speaking for most of the defendants, said: "The 1967 revolution was not a coup."

Mr. Dilynas said that even if convicted on all counts, the defendants could not be sentenced to death. "The constituent decree on which their indictment is based speaks of political crimes and in accordance with the constitution death sentences cannot be imposed for political crimes."

Dublin offers pay pact compromise

DUBLIN, August 21

THE IRISH Government to-day accepted trade unions' policy that pay increases for 800,000 workers during the final six months of the National Pay Agreement should be indexed to retail prices. The move is designed to enable employers and unions to overcome an impasse over renegotiation of the agreement.

However, the employers are expected to express dissatisfaction with the recommendation that pay increases should be limited to 5 per cent a quarter even if consumer prices rise by a higher percentage.

The Government to-night stipulated two conditions: Discussions with the employers and unions should consumer prices rise by more than 5 per cent between August and November; employers and unions reconsider the provision in the agreement on special pay increases to certain public service employees.

Sweden eases credit to industry

STOCKHOLM, August 21

SWEDEN is lowering its discount rate from 7 to 6 per cent with effect from to-morrow. The domestic long-term lending rate is, however, to remain unchanged.

At the same time, the Riksbank (Central Bank) has lifted the ceiling on commercial bank credit, apart from housing loans, and increased the commercial banks' liquidity quotas from 32 to 34 per cent.

These measures are intended to counter the rapid slowdown in the Swedish economy by easing credit for industry, enabling it to finance production and employment.

The Riksbank says the easing in credit policy was made possible by the surge in public and private foreign borrowing this year, which has improved the currency reserves, and by the fall in short-term rates abroad.

Steel output continues to fall

BY A CORRESPONDENT

BRUSSELS, August 21

WORLD RAW steel production in 27 main non-Communist producing countries is continuing to fall according to latest figures released by the International Iron and Steel Institute. July's figures show that production totalled 31.7m. tonnes against 34.1m. tonnes in June and 40.3m. tonnes in July last year.

Britain's output in July slumped to 33.1 per cent below figures for July 1974. British production was 1.2m. tonnes against 1.8m. tonnes a year ago and 1.6m. in June this year. Cumulative

figures for the first seven months of the year showed that British output was 12.1m. tonnes against 13m. tonnes for the same period in 1974.

Comparative figures for the U.S. show a fall of 31 per cent, with 7.6m. tonnes last month against 11m. tonnes in July last year. In Japan the fall was less individual figures for this period were down from 10.1m. tonnes in July 1974 to 8.6m. tonnes last month. The June figure was also 8.6m. tonnes.

Steel production in the original six EEC countries fell 7.8m. tonnes from 6m. tonnes in June and was 28.7 per cent below the July 1974 total of 11m.

The world cumulative total for the first seven months of this year was 260.5m. tonnes, which was 11.9 per cent below the 283.9m. tonnes produced during the same period last year. Individual figures for this period were: U.S. 65.4m. tonnes against 78.6m. last year, the original six EEC 51.6m. tonnes against 77.8m. last year, and Japan 60.8m. tonnes against 68.8m. last year.

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM, 01-535 3161
Tonight, 7.30. Mary Stuart. Tue. 7.30. The Barber of Seville.

ROYAL FESTIVAL HALL, 928 3191
Fully booked. LONDON FESTIVAL BALLET
Tonight, 7.30. Swan Lake. Sat. 8.00. Swan Lake. Sun. 8.00. Swan Lake.

ADELPHI THEATRE, 01-536 7611
Evening, 7.30. The Barber of Seville. Sat. 8.00. The Barber of Seville.

THEATRE, 01-536 7611
Evening, 7.30. The Barber of Seville. Sat. 8.00. The Barber of Seville.

AMBAZADE, 836 1171
Evening, 7.30. The Barber of Seville. Sat. 8.00. The Barber of Seville.

ARTS THEATRE CLUB, 836 1171
Evening, 7.30. The Barber of Seville. Sat. 8.00. The Barber of Seville.

CANNIBAL THEATRE, 836 1171
Evening, 7.30. The Barber of Seville. Sat. 8.00. The Barber of Seville.

COCKNEY, 01-482 5061
Evening, 7.30. The Barber of Seville. Sat. 8.00. The Barber of Seville.

CRITERION, 930 3216
Evening, 7.30. The Barber of Seville. Sat. 8.00. The Barber of Seville.

DUKE OF YORKS, 836 1171
Evening, 7.30. The Barber of Seville. Sat. 8.00. The Barber of Seville.

DUCHES, 836 1171
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THEATRES

HER MAJESTY'S, 930 6606
Evening, 8.00. The Barber of Seville. Sat. 8.00. The Barber of Seville.

KING'S ROAD THEATRE, 352 2488
Mon. to Sat. 7.30, 9.30. The Barber of Seville.

LYRIC, 01-437 3586
Evening, 8.00. The Barber of Seville. Sat. 8.00. The Barber of Seville.

MAY FAIR, 928 3036
Evening, 8.00. The Barber of Seville. Sat. 8.00. The Barber of Seville.

NEW LONDON, 928 3036
Evening, 8.00. The Barber of Seville. Sat. 8.00. The Barber of Seville.

OLD VIC, 928 3036
Evening, 8.00. The Barber of Seville. Sat. 8.00. The Barber of Seville.

OPEN AIR, 928 3036
Evening, 8.00. The Barber of Seville. Sat. 8.00. The Barber of Seville.

PALACE, 437 6834
Evening, 8.00. The Barber of Seville. Sat. 8.00. The Barber of Seville.

PALLADIUM, 437 6834
Evening, 8.00. The Barber of Seville. Sat. 8.00. The Barber of Seville.

PRINCE OF WALES, 930 6611
Evening, 8.00. The Barber of Seville. Sat. 8.00. The Barber of Seville.

QUEEN'S, 930 6611
Evening, 8.00. The Barber of Seville. Sat. 8.00. The Barber of Seville.

ROYAL COURT, 730 1745
Evening, 8.00. The Barber of Seville. Sat. 8.00. The Barber of Seville.

SADLER'S WELLS THEATRE, 837 1672
Evening, 8.00. The Barber of Seville. Sat. 8.00. The Barber of Seville.

SAVOY, 837 1672
Evening, 8.00. The Barber of Seville. Sat. 8.00. The Barber of Seville.

STRAND, 930 6611
Evening, 8.00. The Barber of Seville. Sat. 8.00. The Barber of Seville.

TALK OF THE TOWN, 01-724 8081
Evening, 8.00. The Barber of Seville. Sat. 8.00. The Barber of Seville.

THEATRES

VAUDEVILLE, 938 9988
Evening, 8.00. The Barber of Seville. Sat. 8.00. The Barber of Seville.

VICTORIA PALACE, 01-534 1317
Evening, 8.00. The Barber of Seville. Sat. 8.00. The Barber of Seville.

WESTMINSTER, 938 9988
Evening, 8.00. The Barber of Seville. Sat. 8.00. The Barber of Seville.

WINDMILL, 938 9988
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CINEMAS

ANTHROPOS GALLERY, 01-534 1317
Evening, 8.00. The Barber of Seville. Sat. 8.00. The Barber of Seville.

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ANTHROPOS GALLERY, 01-534

HOME NEWS

BSC must be 'jolted out of land of lotus-eating'

BY HAROLD BOLTER, INDUSTRIAL EDITOR

BRITISH STEEL chief executive, Mr. Robert Scholey, has sold the corporation's 220,000 workers that he is determined to jolt all parts of the corporation out of the land of lotus-eating.

The corporation (losing £5m a week) is clearly concerned about the lack of response it is getting to its attempt to reduce manning levels voluntarily, although it will be early October before detailed figures are available from the divisions.

Mr. Scholey, addressing a meeting of top executives, maintained that the corporation's programme of manning cuts was the most important single factor in the BSC's fight for survival.

"Although attempts to revise manning standards will be difficult, all our departmental managers must maximise their efforts to 'de-man' their payrolls," he said.

Proper shape

"Manning in the service areas, that is those parts of the works not directly engaged in production is, I believe, where our problems lie."

"When I look at some of our groups' manpower charts, there are jobs which are difficult to recognise. Our management

structures must be got into proper shape. I am determined to jolt all parts of BSC out of the land of lotus-eating."

Mr. Scholey described the current crisis facing British Steel as "a straitjacket we have to get out of."

It was essential the unions acknowledged that management was fighting to maintain a good future for the majority of men currently employed by BSC and that only a certain number of men could be employed for each tonne of steel produced.

High cost

Mr. Scholey produced at the meeting what he called a "frightening" chart, previously shown to Mr. Eric Varley, Industry Secretary, showing that the high cost of BSC's four forces was the greatest single obstacle to a prosperous future for the corporation. It represented 73 per cent. of the corporation's fixed costs.

Mr. Len Kingshott, managing director, finance, explained that the combined effect of selling in world markets, in which price movements were highly cyclical, and operating with high fixed costs was that the corporation faced a swing of £360m. in its

financial performance in a single year.

It was also revealed that the BSC intends to look into how its manning levels compare with the best of the private sector steel makers.

EEC counterparts

In addition, the corporation is offering to take union representatives at both national and works levels to see how their counterparts in the EEC fare in terms of manning levels and output.

The idea according to Steel News, the BSC's employee journal, is that union personnel will be able to compare not only the working standards and practices of BSC and the rest of the EEC, but also the overall standard of living—pensions, holidays and all other fringe benefits.

Our Darlington Correspondent writes: The BSC yesterday launched a recruiting drive for workers for its new £1,500m. complex at Redcar, Teesside. It wants more than 1,000 men for the coke ovens, raw materials and sinter plants which are due to be commissioned next year. More than £7m-worth of equipment will be installed.

Ezra urges 'all-out war' on coal costs

BY HAROLD BOLTER, INDUSTRIAL EDITOR

SIR DEREK EZRA, National Coal Board chairman, yesterday called for an all-out drive to cut costs and improve efficiency in the coal industry.

He made the call during a visit to the Kent coalfield, where he was overcome by heat while 3,000 feet underground at the Tilmanstone colliery, near Deal.

Although the pit doctor was called, Sir Derek recovered quickly and did not need medical help. Later he held a Press conference before curtailing his afternoon engagements.

At the conference, he singled out the Kent mining industry as an example of too little production at too high a cost.

Average output at a manshift in Kent is only half the national average and little more than one-third of our best area, North Derbyshire," he said.

Although Kent had improved its results last year this was almost entirely due to the achievement of Coal Board scientists in finding ways of using the coal for steamfiring and of the NCB's marketing

department, which had switched more than three-quarters of Kent's production to this higher-priced market.

Objective

Sir Derek said that a dramatic reduction in the costs of producing coal at the three Kent pits should be the joint objective of every worker and manager.

"At present, these costs are by far the highest in the country," he emphasised. "I know that geological conditions are not ideal but they are not the full explanation for the fact that Kent costs are double the national average."

Speaking generally, Sir Derek said coal must be available to avoid turning to imported oil when the economy picked up, "as it will, in my opinion, a few months from now."

Therefore, pits were being prepared so that when the industry returned to work after the holidays it could achieve the 5 per cent. increase in productivity agreed with the unions.

Airport landing fees up 15%

BY LORNE BARLING

THE British Airports Authority is to increase landing fees at its seven airports by 15 per cent. on November 1, adding £1.5m. to British Airways' operating costs.

The authority, which has already increased landing fees by 25 per cent. this year, said, however, that the increased revenue would not prevent it falling well short of the profit target of 15.5 per cent. net return on assets.

An increase in charges earlier this year was held as low as possible, the authority said, "but we have been forced to raise landing fees again because of the effects of inflation on costs. This increase was the first since 1972."

In an attempt to cut losses at Scottish airports, fees would be increased by 19 per cent., it added. At the same time, efforts would be made to bring rates at the newly acquired Glasgow airport into line with other airports.

The overall increase was forecasted recently by Mr. Nigel Foulkes, the authority's chairman, when announcing a reduction of the BAA's pre-tax profit last year to £3.4m. compared to £11.8m. in 1973. This was due largely to a substantial drop in traffic at Heathrow and other airports.

Mr. Foulkes said then that landing charges would have to rise again this year, but that the magnitude could be reduced by increasing by 12 per cent. the price of duty-free spirits sold at BAA airports. It is understood that landing fees would otherwise have had to go up by about 25 per cent. on November 1.

Energy crisis

In 1974, the energy crisis had led to a reduction in traffic and landing-fee income, while costs rose by 25 per cent., he added. That side of the business made a loss of £4m.

Landing charges for the aircraft using BAA airports are calculated on the basis of aircraft weight, number of passengers on board, type of route flown and time of landing.

In future, it will cost airlines using Boeing 747 aircraft under specified conditions £1,005.50 at Heathrow, £1,187 at Gatwick, and £1,011.71 at Frankfurt.

Profit up £4m. at Cable and Wireless

Financial Times Reporter

CABLE AND WIRELESS, the international telecommunications group owned by the Government, made a profit of £19m. in the year to March 31, 1975—about £4.3m. more than in the previous year.

The company earned £27m. in foreign exchange last year, compared with £22m. in 1974. In its annual report Cable and Wireless says it is "cautiously optimistic" that turnover will rise again during the current year and that the "before-tax profit will be held at its current level."

In its accounts Cable and Wireless refers to losses made by Coltronic, a Hong Kong subsidiary producing electronic calculators which is now in liquidation after losing £2.9m. since its acquisition in 1971.

Following a report by Social Audit, the consumer group, the Department of Industry inquired into the loss, which is soon to be investigated by six MPs from the Commons Select Committee on Nationalised Industries. The team will fly to Hong Kong after the House resumes.

PAPER AND BOARD PRODUCTION

Figures for U.K. paper and board production in the first six months of this year, published in the Financial Times yesterday, correctly stated that total production (excluding building board) during the period was 24 per cent. higher than the first six months of 1974. Production was in fact 24 per cent. below that of 1974.



Lady Chichester presents the "Chichester Log" to Mr. Alan Hare, managing director of the Financial Times. The leather-bound volume is a facsimile of the log kept by Sir Francis Chichester on his single-handed voyage round the world in Gipsy Moth IV. It is offered as a prize for the yacht keeping the best log during the Financial Times Clipper Race.

Thames festival will recapture the splendour of sail

BY ALEC BEILBY

WHEN THREE fully-rigged training ships—the first of 80 sail-training vessels from 14 nations—arrive in the Pool of London for the Thames Festival of Sail, the London Festival of Sail, organised by the Port of London Authority.

The festival, probably the most spectacular maritime event since the Thames since the reign of Charles II, will enable thousands of people to visit ships that, while reflecting nostalgia for past days of sail, play a vital training role.

The first arrivals will be the two Danish training ships, Danmark and Georg Stage, and the Russian training barque, Tovarisch.

They will be joined during the week-end by the Portuguese barque, Sagres, and the West German barque, Gorch Fock, both similar in size to the Russian ship. The Gorch Fock will be berthed opposite the Tower of London alongside the cruiser HMS Belfast, and will, with the other training ships, be open to visitors each afternoon until Thursday next week.

These five sailing ships are among the largest still afloat and will provide the backdrop for hundreds of smaller craft that will be arriving in the Pool of

London and the nearby reaches of the Thames for a week of sail-training vessels from 14 nations, and other events associated with the sea.

Evening range from sailing barges, sail-setting demonstrations on square-rigged ships, to dinghy races from Putney to the Tower and back. The Top of the Tide dinghy race, as the event is named, has attracted an entry of hundreds, and canoe racing from Woolwich to the Tower has attracted a similar entry.

Ashore to-morrow evening, the London Borough of Southwark presents a fireworks display and earlier in the day cruising yachts race from Gravesend to the Tower, an event impossible a few years ago when the Thames was a busier commercial waterway.

Later in the week there will be two further fireworks displays. The second, at Greenwich on Friday—will add to the splendour of the Clipper Race Ball, being held in the Painted Hall at Royal Naval College, Greenwich.

During the week, the 1,500 training ships of the 80 ships will hold tug-of-war contests in the sea.

Rowing races

Later in the week there will be two further fireworks displays. The second, at Greenwich on Friday—will add to the splendour of the Clipper Race Ball, being held in the Painted Hall at Royal Naval College, Greenwich.

During the week, the 1,500 training ships of the 80 ships will hold tug-of-war contests in the sea.

Engineering orders begin to revive

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE LONG and very steep fall in new orders for the engineering industry might have levelled out at last. This possibility is tentatively held out today by the Department of Industry with publication of the latest engineering sales and orders statistics.

But this is only a very faint glimmer of light to cast on the industry's current gloom.

For the statistics, published in Trade and Industry magazine, show that the level of new orders are running a third below the peak they reached during the boom period of 1973, and the recent inflow of new business is still much lower than current sales. Order books are falling throughout the engineering sector.

Very slim

The industry had been waiting anxiously for the fall in new order intake to level off. For the year to May, the month covered by the latest figures, the rate of ordering had dropped steadily until it was close to the lowest level recorded since the present engineering indices were started in 1969.

Spokesman for the British Mechanical Engineering Federation pointed out last night: "The rate of the fall in new orders could not continue at such a sharp rate. The order intake

in our sector has fallen by half." Nothing has happened in recent weeks to change the view that, for mechanical engineering at least, the bottom of the trough in demand will not be reached until well into the second half of 1975 and that by the first quarter of 1976 order books will be very slim indeed.

The Department of Industry bases its tentative optimism on the fact that the trend of total net new orders increased during the three months to the end of May by 3.5 per cent. This reflected chiefly a greater inflow of home new orders in the previous months but trend estimates of export new orders also slightly increased by 1 per cent., suggesting that overseas orders might now be steadying after a decline of 30 per cent. from their 1973 peak.

Between February and May total orders-on-hand fell back by a further 5.5 per cent., reflecting the continuing low levels of home new orders in relation to those of sales. Over the same period, home orders-on-hand fell by 6 per cent., while export order books lengthened by 4.5 per cent. This is in line with the feeling of the Engineering Employers' Federation that, apart from a "reasonably optimistic outlook for exports, prospects for the industry" over the next 12 months are grim.

Action urged on BR Channel shipping

BY JAMES McDONALD, SHIPPING CORRESPONDENT

URGENT ACTION is required if British Rail's shipping division is to remain viable on the cross-Channel routes, a report published by the Commons select committee on nationalised industries said yesterday.

"Everything that can be done to modernise and expand its fleet to meet opportunities for growth and profitability," states the report, which is the result of an investigation begun in November, 1973—into the ownership, management and use of shipping by State enterprises.

The report recommends that if British Rail is required by the Government, for social or other reasons, to operate an unprofitable shipping service which it wants to close, the costs should be separately identified and charged to the Department of the Environment.

Legislation should be introduced to allow British Rail shipping services freedom of operation within the short-sea routes, the report also recommends.

Threshold

In this context, the British Railways Board does not have the power, "nor is the Minister able to consent to," operations between ports where former railway companies have not previously operated.

Because of this statutory limitation, "it was impossible, when the container throughput capacity at Parkstone was recently further reduced by technical problems with the Gollard cranes, for Sealink (BR's shipping service) to move across the water and operate from Felixstowe."

The report recommends that the threshold for capital investment projects requiring Ministerial approval should be raised to £2m. at 1975 prices for the British Rail Board and to £1m. for the Scottish Transport Group (STG).

The Treasury should examine

the present use of lost discount rates to see whether they provide an adequate guide to investment decisions.

BR's competitors, "who have to raise the finance privately, will probably need to secure a higher return on new investment than BRB do with the benefit of public finance to back them."

Methods of financing new ship construction should be kept under constant review.

Mr. John Prescott, Labour MP for Hull East and a member of the committee, yesterday went beyond the report's language, accusing Ministers of "shackling" State shipping and calling for a £100m. cross-Channel investment plan and the establishment of a National Shipping Agency.

"I am asking Dr. John Gilbert, the Transport Minister, for an immediate grant-in-aid programme of at least £100m. in Channel shipping and hovercraft services, particularly in view of the cancellation of the Channel Tunnel," he said.

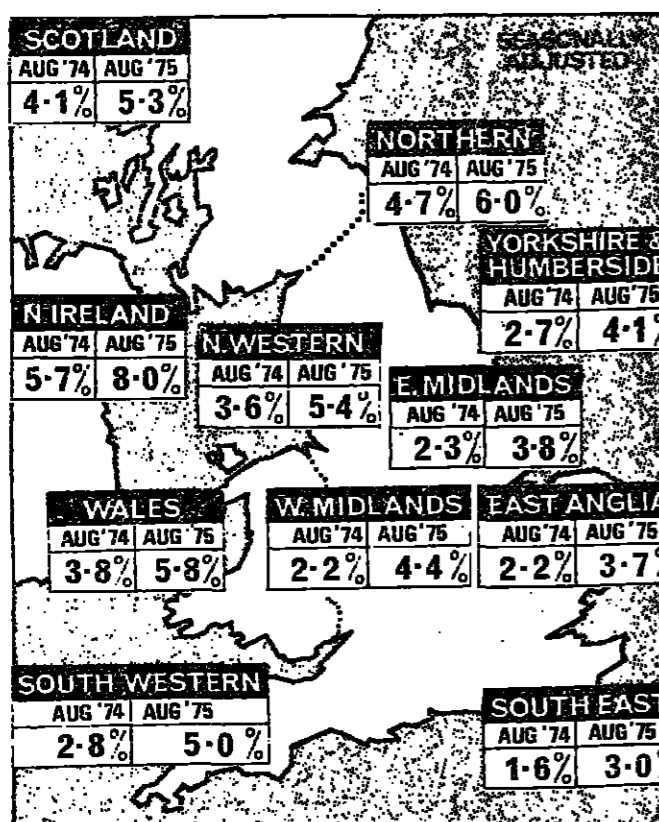
Secondly, "confronted with this, I am demanding that the Government should accept that the British Rail shipping division should be separated from the main Board."

"Thirdly, I want the Government to consider establishing a National Shipping Agency to serve all the nationalised industries' shipping interests."

"Nationalised shipping, which directly or indirectly controls over 2m. gross tons—and particularly the B.R. Shipping Division—has been seriously prejudiced in its activities to maintain a modern and expanding shipping fleet, by a combination of old legislation, government departments' rearmaments, British Rail's 'obsessions' and the financial incentives available to its private competitors."

Ownership, Management and Use of Shipping by Nationalised Industries, S.O. 47.70.

Regional unemployment



Regional disparities in unemployment have been markedly reduced during the current recession. With the total at record post-war levels, traditional high unemployment areas such as Scotland and the North have continued to suffer higher rates than the rest of the country. But the rises in the lower unemployment areas such as the South East and the Midlands have been greater and the gap has narrowed.

Bristol Airport 'best for regional needs'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

DEVELOPMENT of a new airport on Severnside to meet the future needs of air transport followed by Exeter. Those three development in the South-West region of England would not be worth while, and further development of Bristol Airport at Lulsgate is the best solution to the area's requirements.

This conclusion emerges from a new study into airport development in South Wales and the South-West region of England, prepared by the Civil Aviation Authority as part of its overall study into future U.K. regional airport needs.

The report, by the CAA's economics and statistics division, makes no specific recommendations, but it does indicate that Bristol, operating alone, would be the best "single airport" solution to future air traffic needs in the area.

GALLUP POLL

Social Surveys (Gallup Poll), mentioned in yesterday's story on attitudes to foreign goods, points out that it is an independent British company and not a subsidiary of the American Gallup organisation.

Another Marks and Spencer supplier lays off workers

FINANCIAL TIMES REPORTER

FOR THE second time in a week, a major Marks and Spencer supplier is laying off staff because of falling demand for its products.

Canabro Hosiery Mills, part of the Nottingham Manufacturing Company, has laid off one third of its workforce at its Shepshed factory for an indefinite period.

About 240 workers are involved at the factory which produces fully-fashioned knitwear and employs some 750 workers.

Mansfield Hosiery, which last year lost production as a result of a ten-week strike among its Asian workers over equal job opportunities, has already laid off another 50 knitters and runners-on at its Loughborough plant.

Since Marks and Spencer announced it was cutting its stock-holding by 10 per cent. a number of its suppliers have had to lay off workers. Last week,

Corah, one of the company's major textile suppliers announced it was closing three factories and making 500 workers redundant.

Unemployment in the Leicester area is already running at 5.8 per cent. and yesterday the City Council said it was setting up a special fund to organise an early warning system to forecast national trends dangerous for local industries.

The study, which will cost about £7,000, is being set up in association with Leicester University and Leicester Polytechnic.

The early warning system would result from research at the university where national industrial trends and their possible consequences for local industry would be assessed.

The National Union of Hosiery and Knitwear Workers emergency committee, formed to fight

Alliance Party mediates in Ulster talks

BY GILES MERRITT

BELFAST, August 21.

FEVERISH behind-the-scenes political activity, with Northern Ireland's centrist Alliance Party taking the lead as mediator between the UUUC Loyalist coalition and the Roman Catholic SDLP, began to-day in an effort to patch up yesterday's near-breakdown of the crucial inter-party negotiations.

To remind the participants that time is running out, the spiral of sectarian violence continued—two more killings to-day lifting the death toll for the last 12 days to 14. A Catholic was shot dead this morning on the fringes of Belfast's Tiger Bay Loyalist area and just three hours later terrorists gunned down two Protestants standing on a used car lot in nearby Glengormley. One man was killed, the other is in a critical condition.

Although the inter-party talks between the UUUC and SDLP came dangerously close to deadlock yesterday—when the three-man Loyalist team headed by Vanguard Party leader, Mr. William Craig, walked out of the meeting after less than two hours of discussion—there is still hope that the two sides can eventually be coaxed into agreeing some form of devolved government for the province.

The Alliance Party, which almost two years ago played a vital intermediary role in the negotiations that led to the power-sharing Executive, has once again embarked on the same task.

Mr. Oliver Napier and other Alliance leaders will discuss proposals to be put to the SDLP and UUUC at meetings to-morrow.

The SDLP team, led by Mr. John Hume, is known to be holding out for full participation in government at cabinet level. Although the term now apparently being used is "collective responsibility," Loyalist hardliners have dismissed these demands and are even questioning the wisdom of the UUUC negotiators in proposing a system that could give the Catholic minority control of such important sectors as housing or industrial development.

Three-man Cabinet

The UUUC scheme envisages a three-man cabinet with eight powerful "congressional" committees beneath it whose control would be evenly split between Loyalists and SDLP. Their representatives would chair three each, with the remaining two divided between the Alliance Party and Mr. Brian Faulkner's moderate UPNI.

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BOOKS

So are they all, all honourable men

BY C. P. SNOW

The Impact of Hitler by Maurice Cowling. Cambridge University Press, £15.00. 561 pages.

When I was a youth of 18 or so, I used occasionally to walk home with a middle-aged acquaintance. We had met at a local chess club, and I enjoyed his company. He was a bachelor, totally unambitious, holding down a modest clerical job. He was a good talker in a gentle, agreeably witty fashion. He had read a lot, and at that time I was eager for bookish conversation.

One of his favourite topics, I soon discovered, was the French Revolution. He knew the history almost week by week, and I learned dates and names which I have remembered after all these years. But he also knew why the Revolution had happened. Still gentle, lucid, quiet and humorous, he told me so, with the certainty of someone who is in possession of a truth not granted to many. It was the work of a secret society, a secret society which had set out to destroy civilisation. Which had gone on to greater things. Which was, of course, responsible for the Russian Revolution. Which was still at work, more powerful than ever.

I don't think I had met anything like this quiet, happy,

intellectual paranoia before. He recommended me to read the revelations of one Nesta H. Webster. That would be a good start.

I didn't argue the case. I was in a state of mild stupefaction. I have felt a somewhat similar stupefaction reading Mr. Cowling's *The Impact of Hitler*. It is, I ought to say at once, far from easy to read, even to those of us who would expect to be interested in the subject. Mr. Cowling has a so entertaining and witty manner that of my old chess-playing friend. Or perhaps he deliberately set out to eliminate all devices and structures, either in the architecture of his book, or in his language. He may have been aiming to create a climate of detachment or neutrality. It takes some time, as he proceeds, to realise that he is about as detached and neutral as Nesta H. Webster.

I must make it clear, however, that this is not a work of conspiracy-theory, at least in any ordinary admissible sense. He is dealing almost exclusively with British politics, and very largely British parliamentary politics, from 1933-1939. There is little about what Stalin at Potsdam called the estimation of forces. There is very little indeed about the military balance-sheet, except for some misjudgments—such as about

the strength of Italy and Poland relative to that of the Soviet Union which seemed grotesque at the time and now look just insane. America enters only in the most fugitive manner. For nearly the whole of this long book it is a matter of jostling for parliamentary office in the time of Hitler's rise, who's in, who's out, the personal interplay of Westminster politics.

In this exercise, Mr. Cowling has searched among a wide range of material, published sources, conversations, unpublished papers, including Neville Chamberlain's. Much of this will be valuable to future scholars, who will interpret it quite differently. It is, of course, of particular interest to anyone who knew some of the people concerned, and can catch the tone of voice. It would be delectable to hear Hankey's ghostly comment on being told that Chamberlain was the only strategist in the War Cabinet of 1939. Hankey had spent the best part of his life thinking about strategy and, though he wasn't always right, for a generation he was much richer than anyone else in Westminster and Whitehall.

If the documents were left to speak for themselves, one might emerge with a general impression that men, all men in positions of influence and power, aren't very wise, are remarkably shortsighted, can never for long get

away from their own egotisms, and aren't fit for the places they hold: that was not only specifically true in Britain between 1933 and 1939, but would be true of any similar society and wouldn't be altered if they were replaced by any alternative set of men.

Well, such an impression, though not particularly exhilarating, may be more salutary than excessive veneration of human wisdom. The sheer difficulty of political affairs in a highly articulated world is something that ought to be recognised; men just aren't good enough or clever enough to make much of a shot at it. But it certainly isn't that impression, which contains a certain sombre sense, which Mr. Cowling wishes to convey. Half-hidden under the mass of facts, submerged by the appearance of neutrality, is something very different. It is that, in the 1930s and long before, there was not a conspiracy but a kind of consensus of various self-interests which would combine and lead the country into disastrous policies—into, in crude fact, going to war with Hitler. If he were left alone to pursue his own activities, he wouldn't likely to interfere with us, the invisible and unconscious consensus hadn't formed itself, we could have kept out of war and preserved the Empire. The people who formed this consensus might occasionally be very wise, are remarkably shortsighted, but objectively they

were very bad things—such as that irresponsible opportunist Churchill, or Anthony Eden (mysteriously described as an ideologist) or all kinds of layabouts who formed groups round those two, ambitious young self-seekers like Harold Macmillan, unspeakable figures of the Labour Party, dangerous revolutionaries such as A. L. Rowse and Roy Harrod. Gradually the consensus corroded. Parliamentary opinion and so destroyed the enlightened policies of the real leaders of Conservatism, Baldwin, a very good thing (with which except in the aspects chosen by Mr. Cowling, many of us would agree), Neville Chamberlain, a moderately good thing, Halifax, good at least in his appeasement period.

History can be written in any conceivable way, so long as one doesn't take it too seriously. This idiosyncratic version of Conservatism is perhaps better left to Conservative theoreticians to come to terms with. Certainly there is nothing to do with High Toryism. Cecil and Cavendishes and Stanley and their intellectual descendants would cut their throats before they would do anything to do with it. But then, High Toryism is maybe a creed that can only survive in a great society. This less elevated Toryism of Mr. Cowling's persuasion reminds one uncomfortably of the Conservatism in the Third Republic, period 1933-45.

Storm among the teacups

BY CHRISTOPHER JOHNSON

The Nationalization of British Industry 1945-51 by Sir Norman Chester. HMSO, £21.00. 1,075 pages.

The new official peacetime history could not have begun with a more topical subject than nationalisation. The problems which the Labour Government encountered in 1945 in taking over coal, gas, electricity, railways, road transport and steel are still with us to-day, some of them as far from solution as ever. The current nationalisation of shipbuilding and aircraft manufacture raises the same issues all over again, and Government participation in North Sea oil brings up a number of new ones as well.

Sir Norman Chester has had access to Cabinet and departmental records, and he knows the "numerous cups of tea" with which the civil service helped him to plough through them. Whatever the present Government's views about the Crossman diaries, it has agreed to lift the veil after a quarter of a century on some of the disagreements between Ministers and their civil servants in an area of policy to which the political pendulum has swung again.

The limitations of official history, combined with the author's own penchant for viewing reality through the neutral spectacles of the administrator, have made this a monumental source book, rather than the magisterial account of the politics and economics of nationalisation for which we are still left in hope. Sir Norman sees his task as one of having to describe in great detail the process of policy formulation and legislation through which the Labour Party's major election promises were implemented. He does not go behind the official documents to explore the basic political and economic arguments for and against nationalisation, nor does his time-scale give him much opportunity to consider how far the results expected from the programme were achieved.

Sir Norman cites a number of different arguments in favour of nationalisation in the course of the book: control of the "commanding heights" of the economy; the need for direct resource investment resources into the correct priorities; social responsibility of important industries both to consumers and workers; more efficient management of previously fragmented sectors; and the elimination of monopolistic malpractices. He does not set them out in any detail; perhaps he is aware that the Labour Party's nationalisation policy was a long-standing and inescapable commitment to its trade union supporters which it rather unexpectedly had to fulfil at short notice with little advance preparation. It is a tribute to the civil service that the result was, if not all that the idealists had hoped, something less than total disaster.

The book is set out as a comparative analysis of each issue as it applied to all the industries taken over. First comes the scope of the activities to be nationalised—in today's terms, for example, should ship-repairing as well as shipbuilding be included? (Mr. Benn was in no doubt about that, but should have pondered a remark by his father quoted in this book about the damaging effect on industrial initiative of impending nationalisation). On compensation, there were two main issues; first, should it be based on asset value however defined, or on market

value of the shares, and if so over what period? (Either method still has its drawbacks.) Secondly, should it be paid in cash, or in Government stock—expensive at 3 per cent.

The interim period between the announcement to nationalise and vesting day went up to as much as five years in the case of steel, and Sir Norman does not deal very fully with the damage done to key industries while marking time in the limbo between the private and public domain. He covers industrial structure, and shows how easily it was assumed in many cases that nationalisation would be a monolithic, centralised industry, irrespective of the drawbacks of enormous size. This leads him on to the composition of the boards, where again there was little realisation of the management problems of finding suitable people to run vast new empires at modest salaries with little security of tenure.

The chapter on financial provisions foretells the unfinished debate about whether public industries are supposed to be profit centres in their own right, or an instrument of official economic management. It is a pity that Sir Norman does not bring in some elementary economic analysis to explain the conflict between the obvious orthodoxy that public corporations should break even, "taking one year with another" (or one half-century with another, as Sir Dennis Robertson quipped), and the view then put by the Economic Section of the Treasury that it was to the advantage of society that they should adopt marginal cost pricing, even if it meant running at a loss. The nationalised industries now get the worst of both worlds, since marginal costs are in many cases high and private industry has to pay them because of short-sighted anti-inflationary reasoning which results in anti-social losses.

The case for keeping prices as low as possible is dealt with in a section on the consumer, but the intellectual link with the marginal costing argument is missing. The employee, for whose sake it was done, is shown as remaining remote from the nationalisation process, and participation is still to-day a matter for the future as it was then. The last chapter deals with the control exercised by Ministers and Parliament over the nationalised industries, which has been inadequate to prevent major errors of strategy, but close enough in matters of detail to inhibit the entrepreneurial spirit. Supervisory boards of non-executives, directors of the kind now under discussion for private industry, are one solution worth considering, which existed in embryo in the Iron and Steel Corporation before it was denationalised.

If there is a moral in this continuing political saga, it is that nationalisation by consensus is less damaging to the economy than bitterly contested cases, such as steel, which was denationalised in 1953, only to be renationalised in 1968. Sir Norman points out that the Labour Cabinet was divided on steel nationalisation, and went as far as to discuss a compromise involving public control which stopped short of ownership. The shipbuilding industry to-day is re-examining the history of the steel industry in the 1940's in seeking a similar kind of "mixed economy" solution, and the steel industry's current performance is hardly an argument in favour of more thoroughgoing nationalisation.

Even in the industries which the Conservatives, perhaps too readily, concurred in keeping nationalised, the power which the trade unions have finally claimed as their inheritance is a threat to economic stability because the revolutionary idea of giving the workers responsibility in running "their" industry hardly occurred to a Labour Government which the managerial bureaucracy of wartime had become second nature.



Fiction

Party time

BY WILLIAM KEEGAN

But the Dead are Many by Frank Hardy. Bodley Head, £3.75. 293 pages.

The Understudy by Ella Kazan. Collins, £3.50. 352 pages.

Direct Flight to Allah by René Deville. Collins, £3.50. 294 pages.

Dangerous French Mistress and Other Stories by Laurie Colwin. Chatto and Windus, £2.75. 136 pages.

The often deliberate confusion of form and content is one of the many besetting sins of our age. A novel like *Ulysses* in the end had to be judged on its merits, and not on its structural relationship to the *Odyssey*. Similarly, Frank Hardy's *But the Dead are Many* must be judged on its merits, and not on its accuracy with which it achieves Mr. Hardy's professed target of "a novel in fugue form". . . . a definite number of voices stating and developing a theme contrapuntally . . . climax . . . coda . . . etc.

The comparison with Joyce is not unfair, at least to Frank Hardy. Despite the exuberant cover which makes the illustrations on the average cheap novelette look like *Turners*—this is a very ambitious work. At one level it is a high-class detective story, tracing the background to the suicide of John Morel—a leading, but not too successful figure in the Australian Communist Party. At another, it is investigating what went wrong for a whole generation of "revisionists" like Morel with comrades and consciences are linked with the struggles, trial and death of Morel's own mentor—Nicolai Burastakov—whose trial he attends in 1938, whose daughter Morel has an affair with, whose widow provides vital clues to the presumed suicidal tendencies in Burastakov himself.

Morel has gone from one religion, Catholicism, to another—or has he? He preaches that the Communist Party must establish a set of values which applies to means as well as ends; recognises that the Party has treated people as its rather than "Thou's". His mind is not only tortured by the cruelty of the cause he has espoused; also by memories of his father's own suicide, his mother's possessive breasts, the impotence of his relationship with his wife and children (sic), the inability of the Party official to avoid piling up bourgeois debts.

search for what went wrong, and there are plenty of trails and snags for the reader to follow. The self-imposed death of the values-salesman in a seedy up-country hotel is justified in a testament which harps tragically on Morel's need to transcend himself by dying, and he is not as moved as he would be by a truly great work. The female characters are badly delineated—a fault which the narrator concedes, and which is perhaps de rigueur in the Great Australian male novel. More important, however, is the unfortunate bathos of the parallel drawn between the Russian Burastakov and Morel's condition, which involves an altogether lower form of martyrdom. That is the real tragedy, although the author only seems to register this in the subconscious to which he is so attached.

Ella Kazan's *The Understudy* is another modern tragedy, with self-consciousness, Acropolis undertones. Sidney Castleman—né Schlossberg—is a declining Broadway star, a truly great actor, as he constantly reminds himself. Sonny got his chance from Castleman, who had previously taken his chance with Sonny's mother.

Sonny star is in the ascendant as Castleman's fall is motivated by a mixture of guilt (the old man is now his understudy) loyalty, and a desire to humiliate. Sonny allows the ailing Castleman to become an increasing drain on his own meagre financial and emotional resources, to the inevitable detriment of an already shaky marriage.

Castleman ("True tragedy takes place because of what the person to whom it happens is") never gives up hope of the great comeback, in which he will star as the Great Scientist, disillusioned with the atomic bomb he had a hand in, who invents something bigger and gives it to the smallest power on earth. "Prometheus' revenge. Doomed!"

Relief from the fray takes Sonny to Kenya on safari, where he attempts to find himself. He brings advice from the safari leader to disengage from emotional entanglements and play the strong animal—advice whose force is diminished when his proposition is shot by the husband of a girl from whose camp he has evidently failed to disengage himself.

Back to the New York jungle, where the company Castleman brings is sinking lower and lower as he tries to finance the great



Lord Halifax

Bonnet and the rest, "Better Hitler than Blum."

There is one curious phrase which suddenly shines out of Mr. Cowling's muted language. After the deposition of Chamberlain, Mr. Cowling refers to Kingsley Wood as "the indispensable Judas." It is the sharpest outburst of emotion in the whole book. What a singular Judas! What a singular Jesus, as far as that goes. The impact of Hitler is a singular gospel.

Cypriot tracks

BY GEORGE ROWELL

Journey Into Cyprus by Colin Thubron. Heinemann, £4.80. 259 pages.

At any period this journal would have great value, for it was written on foot: the author walked some 600 of Cyprus's toughest miles, his roof the stars or the humblest of Cypriot homes, both Greek and Turkish. But chance has given the book another distinction, for the journey was undertaken less than a year before the catastrophic events of July, 1974, so that the picture drawn is of the island in the last spasm of its seemingly doomed struggle to preserve some sort of indivisibility.

Purchased by blistered and bleeding feet, strained back and sweating flesh, this picture is extraordinarily detailed and vivid. As the author claims: "On the slow emergence of the mountains, the slow character to each. It is the difference between a glimpse and a stare." Mr. Thubron's stamina is matched by his intellectual strength. An accomplished linguist and historian, his passionate concern for antiquity in all its aspects—mythological, architectural, conceptual—leads weight and warmth to every chapter. Occasionally his search for style betrays his memory: it is difficult to fathom how "the sea, lashing in from the Turkish motherland" can "cast a grey, hard halo" round Kokkina, a village on the north-west coast, but such lapses are few.

Sensitive and scholarly, Mr. Thubron's greatest gift is none the less his skill in sketching with a few strokes the good and generous folk who befriended him. Predictably, many of these portraits have a political slant, yet the purity of the vision leaves the frame garnished and tasteless. Metelios, an elderly olive-farmer from the Mersinli district, humbly offered the traveller a night's shelter. Next morning a neighbour revealed that Metelios, although innocent, had been interned by the British for three years.

"But he knew that I was British?" "Yes. But you didn't do it, did you?" He picked up his hoe again. "The times make us mad." He waved me on my way.

"Go to the good!" There are also some fascinating grotesques, such as the professional strong-man, terrified of women, who once glimpsed his Soul-Mate in a German town and kept vigil outside her home for four nights without seeing her again; and a demented Brother who had bought high-end equipment in Los Angeles, concealed it in his cell, and cried out to his astonished visitor: "I've shaken the heavens. God is the ocean of sweetness. But I go back to sin as a dog to its vomit." The intensity of the author's vision and his command of syntax and syntax and laborious reading, but this labour is amply rewarded.

A dip in the well

BY RICHARD JOHNS

A Hundred Million Dollars a Day: Inside the World of Middle-East Money by Michael Field. Sidgwick and Jackson, £5.95. 240 pages.

Accustomed as we have become to perennial payments of respect to Western countries and the problem of recycling petroleum revenues, it is difficult sometimes to appreciate that "OPEC-lypse"—as one journalist was put it—occurred less than two years ago. Those 12 days in October, 1973, when the producing states decided to set their own prices without going through the formality of negotiating with the companies set in motion the deluge of petrodollars. From that moment the hotels of Arabia and the Gulf have been strained to bursting point by businessmen, consultants and bankers—some of them as ignorant of the local financial terrain as they are speculative.

With a book like Michael Field's *A Hundred Million Dollars a Day* in their briefcases that category would be very much better informed. As a solid piece of readable research which started back in 1972 before the monetary upheaval, it has the essential historical perspective. Field's work also has the virtue of placing the facts and figures in the context of the oil-rich Arab's own thinking on how their resources should be deployed. Like a river with many different tributaries constantly changing course, this fluid subject is a difficult one to map out with any finality. But quite apart from its value as background research, a few years of good shelf-life at least to the book.

Wise as he has not ventured into a hazardous futuristic exercise of predicting surprises. Subtitled "Inside the world of Middle East money," non-Arab Iran is excluded from its scope apart from the competent introductory chapters about the oil producers' assertion of their muscle and Iraq, with its closed economy, is not examined in any detail. However, the author has ferreted deeply

among prime sources in Saudi Arabia, Kuwait and other Gulf States as well as Beirut, which has profited from the oil boom, bringing out a wealth of intriguing and, though somewhat disappointingly, not scandalous detail. While some recent Arab property purchases in the West have been well-publicised, it is not so well appreciated that the enterprising U.S.-owned Keyes Realty incorporated did six \$1m-plus deals with individual Arab investors between 1965 and 1968 or that the Kuwait foreign exchange dealers Muzaini and the United Trading group have been transferred as much private capital to the West as any of the big five commercial banks in the state. Apart from the famous entrepreneur Adnan Kashoggi, who plunged straight away into overseas operations, there is interesting and original material on the build-up of Saudi, Qatari and Dubai commercial empires.

The chapter on oil states' investment policies and portfolios is an outstanding feature of a book which contains more illuminating information on burning and topical question of Arab oil money than any of the expensive and dry manuals on the money-pot which have been marketed in the past six months.

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LABOUR NEWS

NEWS ANALYSIS—INCREMENTAL PAYMENTS

Ladder through a loophole

BY CHRISTIAN TYLER, LABOUR STAFF

THERE IS one corner of the Government's anti-inflation policy that is generating almost as much heat as the £8 wage limit itself: the exemption of incremental payments.

Increases, or wage-for-age scales, are paid to thousands of white-collar workers, especially in the public services, as well as to some manual workers.

In previous incomes policies, established annual increments have been let through without much debate despite regular objections from the CBI. But this time, thanks largely to the CBI's renewed opposition to their exemption, followed by public service unions' fight for them within the TUC general council, the issue has been plucked from obscurity and special attention has been paid to it—most recently in the digest of the policy published in the Department of Employment News this week as part of the Government's propaganda campaign on the policy.

Because of this, Mr. Michael Foot, Employment Secretary, has made one of his major speeches on the details of the White Paper in the House of Commons. From now on, it seems, problem cases will be dealt with individually and privately wherever possible.

The peculiar problem about increments this time is that they just do not fit the concept—and hence the sales appeal—of the policy.

The broad and simple message of the policy is aimed at the individual: you should not take more than a £5 a week increase this year and you should take nothing if you earn £8,500 a year or more. But if you are a Civil Servant, council officer, teacher, bank clerk or anyone else on an incremental scale (worth between £1 and £5 a week) you may have more than £6 provided that in paying you your due, the employer does not increase his total wage bill.

Enough people must fall off the ladder through the exemption, however, to offset the cost of accommodating new recruits so that the wage bill is financially self-balancing.

This is where group calculations become more important than simply what is paid to the individual, because the employer, if the wage bill stops being self-balancing and actually increases—has to calculate the total

increase in the cost. The extra cost should then be divided by the number of employees affected and their £6 maximum rise reduced accordingly.

Theoretically, then, the Civil Service Department and other public service employers, will have to calculate in advance whether they are facing a net addition to their wage bill this year. Such a calculation would be enormously difficult if it were to be strictly performed.

For the purposes of the policy, therefore, public service employers are likely simply to take projected recruitment and retirement figures to see whether they balance. In the Civil Service and local authorities the balance is expected to be sufficiently close. In education, less so because of the large numbers of young teachers who form a bulge near the bottom of the incremental ladder. Even here it is unlikely that the Government will swoop down and tell teachers that some of their increment must be offset against the £6 limit.

In the private sector—notably banks and insurance and some of the higher companies—similar accounts will have to be kept and produced when the employer goes to the Price Commission to justify a price rise. The banks, for instance, do not expect much problem. Generally speaking, too, the bigger the organisation, the less likelihood of an awkward over-run in the incremental payroll.

Incremental payments are to be allowed, then, despite the opposition of many manual workers who do not accept the main defence of the exemption:

that in manual work an adult starts at his maximum while in many white-collar jobs he has to work towards the "rate for the job" over a period of years.

Merit payments, a similar but much less formal way of rewarding experience and responsibility, will not be allowed to follow through the same gap, even though under the Pay Board last year some employers were able to argue that they were an essential and formal ingredient in many established salary structures.

By the same token, money promotion will clearly be against the spirit of the policy.

Commission

As for bonus and commission payments, apparently they will be allowed provided the pertinent conditions are not broken since they are seen as the white-collar equivalent of existing shop-floor productivity and overtime schemes.

The £3,500 cut-off is clearly intended to be absolute. Executives with profit-sharing arrangements or successful stockbrokers would be expected to waive their rises—although the risk of "defection" is of course small to non-existent.

Indeed, the whole policy, so long as it remains voluntary, depends on employers and unions bowing to the spirit rather than the letter of the White Paper.

For that reason alone, the Government must be sincerely hoping that the argument about increments slides quietly back into its customary oblivion.

Grey areas

There are, of course, other grey areas in the policy, not even the Civil Service draftsmen could boil down to a one-line instruction a policy attempting to cover all types and methods of payment, visible and invisible.

These grey areas include such things as merit rises, promotion, job security, pensions, commission payments, fringe benefits and London weighting.

All have to be fitted to the £5 limit and the £8,500-a-year cut-off. The Government is deliberately leaving those areas grey for fear

of the terminal wires which project from each of the bus bars at intervals along the length of the strip.

These terminals are arranged to be at the same height as the connector pins with which each pair of bus bar composites is associated, the connectors being arranged in ladder fashion down the pair of strips, fixed to lugs provided.

Since the terminal pins are precisely located with their ends in the same plane as the board connector pins, automated wire-wrap wiring systems can be used.

The bus bars suppress noise spikes and crosstalk, and eliminate power reflections between source and load. The low impedance resistance allows high currents to be distributed with very small voltage drops.

More information about the system, which has been named Eurobus, from Mektrol N.V., 158 Afrikaans, 9000 Ghent, Belgium.

These grey areas include such things as merit rises, promotion, job security, pensions, commission payments, fringe benefits and London weighting.

All have to be fitted to the £5 limit and the £8,500-a-year cut-off. The Government is deliberately leaving those areas grey for fear

Redundancy plan rejected by NVT shop stewards

BY JOHN WYLES, LABOUR REPORTER

SHOP STEWARDS at Norton Villiers Triumph's Small Heath Birmingham factory, yesterday rejected management proposals for a virtual 75 per cent cut in the labour force through 1,000 redundancies.

The NVT plant, set out in a confidential document, has shocked the Small Heath stewards because it means that motor-vehicle production, presently running at about 100 machines a week, would be brought to a near standstill.

The document makes it clear that if the 1,000 redundancies go ahead most of the 400 workers

left at the plant would be mainly engaged in the light engineering sub-contract work which is the other half of the factory's business.

In negotiations with stewards, the company, which is refusing to make any statement on the plan, has blamed the need for the redundancies on a cash flow crisis brought about by a slump in its motor cycle sales in running at about 100 machines a week would be brought to a near standstill.

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Burton sales staff are first in £6 queue

By Our Labour Correspondent

SOME 8,000 retail staff employed in the Burton-Jackson tailoring group have become one of the first sections of shopworkers to benefit from the full £6-a-week limit set by the Government's pay policy.

A package agreement concluded by the Union of Shop Distributive and Allied Workers provides for £6-a-week increases for managers and all adult retail staff payable from November 10—exactly one year after their previous annual deal.

The agreement means a new guaranteed minimum earnings level of £2,184 (£42 a week) for adult sales assistants and equal pay for women by the end of the year.

Several USDAW agreements concluded before the Government's pay policy was unveiled have since been dropped. The most important of these covered 150,000 staff employed in multiple grocery stores who were to have received increases of between £2.45 and £4.20 a week for shop assistants and up to £5 for managers. These were shelved after the Department of Employment ruled they would have to be withheld for three months to comply with the new month's ruling embodied in the Government's policy.

Now USDAW is expected to press for £6 rises all round from the November annual settlement date—a move which if successful could prove more inflationary than the agreement that was abandoned.

Bid to salvage Chunnel project

A NEW attempt to salvage the Channel Tunnel project was launched yesterday by leaders of a national railway unions from EEC member countries.

Common Market countries are to be urged to join with Britain and France in funding and building the project, which was abandoned by the Government in January.

As part of the campaign, an international delegation of leading railway trade unionists is to go to Brussels, in line with decisions taken yesterday in Harrogate, Yorkshire.

Delegates from the 2m-strong railwaymen's section of the international Transport Workers Federation unanimously approved a National Union of Railwaymen-backed proposal which said the conference believed that a rail link between Britain and France was "a vital contribution" to the transport system of the European Community.

It called on member unions of the international federation to exert pressure upon the EEC to build a Channel Tunnel from funds provided by the member states of the community.

Observer peace hopes raised

THE LAST obstacle to a solution to the redundancy dispute at the Observer seemed to have been overcome last night. Members of the 120-strong chapel (office union branch) of the National Graphical Association voted in principle to accept a peace formula hammered out with the newspaper's management.

Mr. Joseph Wade, NGA assistant general secretary, said that it was accepted subject to certain matters of detail being agreed. "They are reasonably optimistic that they will prevent a final settlement being made," he said. Members of the other unions have already agreed to accept similar terms.

Chrysler claims it leads way with worker-director scheme

BY ROY ROGERS, LABOUR CORRESPONDENT

CHRYSLER U.K. yesterday claimed that its worker-participation proposals, prepared by a group of representatives, were "ahead of anything planned for any major manufacturing company in Britain."

The claim came from Mr. Peter Griffiths, the company's deputy managing director with responsibility for industrial relations, who released the first official details of the proposals which were revealed in yesterday's Financial Times.

They would, said Mr. Griffiths, involve representatives of employees in the decision-making process and running of the company from the Board down to day-to-day plant operations.

The report said yesterday, the company has offered the workers, through their unions, two seats on the main Board and representation on decision-making committees at both local and national levels.

It entered yesterday that management is thinking in terms of between two and four employees' representatives on the various committees which are at present some 10 to 12 in number. The company's main Board comprises 13 at the moment.

Under the Chrysler employee-participation programme, the company proposes the setting up of plant employee representative committees (PERCs), which would meet weekly, with the

plant manager in the chair, to discuss and review the operation of the plant.

A PERC would also appoint representatives to key decision-making committees in the plant covering such matters as production levels, manning, quantity and quality, recruitment, safety, working hours, training and canteen facilities.

Profit-sharing

Each PERC would also elect representatives to the Chrysler Employee Representative Council (ERC), on which would sit senior management executives.

The ERC, which would have about 24 employee representatives, would report regularly to discuss and review all aspects of the company's operations. It would also appoint two directors to the Board of directors and appoint employee representatives to the company's executive network of key decision-making bodies.

They would include the operations committee, which is responsible for the day-to-day running of all aspects of the company's operations, and committees concerned with such things as new product development, future levels of production and sales, the use of energy resources, and quality and reliability.

Other items in the package of proposals include the introduction of national pay negotiations

replacing the existing 54 bargaining units—and an independent arbitration procedure. A profit-sharing scheme is to be outlined to shop stewards later.

Some shop stewards, notably those at the company's Stoke Coventry engine works, have come out against the proposals, presumably because they fear their negotiating power would diminish if they were introduced.

Next week, a meeting of shop stewards from all plants meet to give their collective view of the proposals which if accepted in principle by September 1, will mean £50 lump sum payments for all 27,000 Chrysler workers.

Under an offer made when the scheme was outlined in May, further £50 is on offer if the scheme is finalised by the end of the year.

Meanwhile the 1,200 men laid off from the company's Luton and Dunstable plants by a pay strike involving 46 inspectors have been recalled at least until next Wednesday.

They will be employed on annual stocktaking which has been brought forward because of the production halt caused by the dispute.

Triumph has laid off 2,200 car workers from its Liverpool factories, following the decision to strike for better pay. The company is expected to continue their strike in support of a colleague who was sacked for refusing to obey a supervisor.

Union ends 'blacking' at Birmingham Post

BY OUR LABOUR REPORTER

MANAGEMENT AT the Birmingham Post and Evening Mail claimed yesterday that a major obstacle to the continued publication of the two newspapers has been removed following a decision by local print union officials to lift a "blacking" campaign.

Members of the National Society of Operative Printers, Graphical and Media Personnel employed by the two newspapers have been "blacking" all specially delivered newspaper in support of the 250 Birmingham journalists involved in a six-week pay dispute which is still deadlocked.

The employers have been forced to make special arrangements for newspaper deliveries because Birmingham area lorry drivers belonging to the Transport and General Workers' Union refused to drive across the journalists' picket lines.

According to a management spokesman yesterday, Natsopa has now agreed to lift its "blacking," which has lasted

NGA secretary expected to retire early

By Our Labour Reporter

MR. JOHN BONFIELD is expected to retire next year as general secretary of the National Graphical Association after a career spanning nearly 30 years as a full-time trade union official.

He is understood to have told the NGA's national council a fortnight ago that he intends an early retirement next year, when he will be 61. Mr. Bonfield refused to comment yesterday but it is believed that he will leave his job shortly after the union's annual conference next June.

Mr. Bonfield became general secretary of the Typographical Association in 1957 and general secretary of the NGA in 1968 after a print union merger. He said several years ago that he wanted to retire early and since then has had several bouts of illness.

Election of a successor may be held late this year or early next year and providing that he decides to stand, Mr. Joe Wade, the NGA's assistant general secretary, is likely to be the frontrunner.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

METALWORKING

Automatic screw cutting

CLAIMED to be a new concept, the Thromatic is said to be suitable for attachment to most centre lathes for automatic screw-cutting, while ease of changing to a different pitch and length, make it economic for small batch production. Speed of operation is also said to make it competitive with purpose-designed machines for medium and long batch runs.

The attachment produces a square path cutting motion, while accuracy is ensured by using the machine lead screw. The forward motion of the saddle, and thus the cutting tool, is effected by engaging the existing half nuts by means of an air cylinder, driven by a signal from a timing dial fitted in place of the chasing dial. The signal ensures that the half nuts are only engaged when they are in correct alignment with the lead screw.

As the half nuts are engaged, the cutting tool is fed forward under air pressure to its cutting position. The saddle travels along the bed of the lathe until the required length of thread has been cut.

The half nuts are disengaged, the cutting tool is retracted, the indexing mechanism by which the depth of cut of each pass is determined is indexed one position, and the saddle is returned to the start. This procedure will continue until the indexing mechanism reaches its end-of-cycle position. The number of passes required, to a maximum of 22, is set on the index handle before screwcutting commences.

Typical cutting speed for a 12 tpi/2 mm. pitch thread is 1,000 rpm. The attachment can be fitted to most centre lathes with a swing up to 350 mm.

Made by F. Bell and Son, Shire Hill Industrial Estate, Saffron Walden, Essex CB11 3AQ (0799 23187), the automatic cycling of the unit is said to enable screw-cutting to be carried out by semi-skilled labour.

OFFICE EQUIPMENT

Faster mail handling

THREE MAIL room products are being introduced by Pitney Bowes, the Pinner, Middlesex, firm. CM10 5BD (0279 2973), a Model 3320 two-station inserter automatically opens the flaps of envelopes (sizes up to 6½ in x 30 in.) ready to receive either one or two inserts. Diverters forward letters down one or two skips and stop the machine if either occurs. It will also automatically position addressed material correctly for insertion in window envelopes.

Modular design allows the new unit to be easily combined

INSTRUMENTS

Tiny desk displays

SMALL, low-cost, visual display terminals manufactured by Informer of Los Angeles are being introduced to Britain by the newly appointed sole agents, Cole Electronics Ltd. Measuring only 11 inches across, the screen displays 16 lines of 32 characters per line. The refresh rate is 60 times per second with no interference. Power consumption is 40 watts from a separate control unit which is fully compatible with a 220-240V, 50/60Hz mains supply.

Data transmission speeds can be specified from any EIA standard up to 9600 baud rate, and an internal serial switch is supplied on the control unit to select any standard baud rate.

Two models are available: Model D-301 with full duplex/half duplex selector switch for character-by-character transmission; Model D-302 is a polled mode terminal. Both units weigh only 10 lb and require only 24½ inches x 6 inches desk space. Typically these terminals might be used by hospitals, airlines, and for stock control.

All terminals in the range display 16 lines of 32 characters per line. The refresh rate is 60 times per second with no interference. Power consumption is 40 watts from a separate control unit which is fully compatible with a 220-240V, 50/60Hz mains supply.

Data transmission speeds can be specified from any EIA standard up to 9600 baud rate, and an internal serial switch is supplied on the control unit to select any standard baud rate.

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MATERIALS

Plastics to prevent corrosion

CORROSION costs British industry in the region of £1,500m. per year—approximately 2.4 per cent of the gross national product—or so DoI asserts.

RAPRA's polymer advice service is designed to help industry save part of this enormous drain on resources by using rubber and plastics in situations where corrosion causes problems with conventional materials.

Polymeric substances can be used in many instances as linings to protect materials which corrode readily—such as mild steel—and in the construction of such items as pipes, tanks and containers. RAPRA, in addition to giving advice, will provide an on-site inspection service for equipment, plant and facilities.

Details of this service may be obtained from Mr. T. Butt, RAPRA, Shawbury, Shrewsbury SY4 4NR (08934 333).

RESEARCH

How to get a real spin-off

THAT HIGH technology research projects have any economic utility is a much-debated point. "Spin off" has entered the language, as organisations (among them NASA) have sought to justify massive expenditure on research by studies of specific technologies whose development was encouraged by advanced programmes.

A study mounted by CERN, the Geneva-based high energy physics laboratory of the European Organisation for Nuclear Research, has followed a different route. It has quantifiable economic data. What is more, this is data provided by the respondents in the CERN study, not by CERN itself.

The method CERN has used places the onus of quantification on the industrial beneficiary rather than on CERN itself.

A process of winnowing down through research and interviews with 119 companies (from an initial 350) where dealing with CERN might have an economic value to the company concerned above the direct return from the sale itself.

The results indicate that from 1933 to 1973, CERN spent 394m. Swiss francs with these 119 firms (plus eight others which reported no gain in utility so far). For every 1 Swiss franc spent by CERN in the industry investigated, there were positive financial consequences of SF4.2.

The total "utility" forecast up to 1978 of the 127 firms above is estimated at 1,665m. Swiss francs.

Some 80 per cent of the total reported utility results from sales to markets outside high energy and nuclear physics. In other words outside the research environment: Railways, shipbuilding, refrigeration, power generation and distribution, car body design and many others.

NAVIGATION

Data from a buoy

THE NATIONAL Data Buoy DB1 built by the Seatek consortium of Hawker Siddeley Dynamics, EMI Electronics, R. and H. Green and Silley Weir is being commissioned today at Lowestoft and is to be stationed in the North Sea later this year.

Main function of the 25 feet diameter buoy is to provide a platform for advanced oceanographic and meteorological sensor

POWER

Neat power supplies to boards

A MULTILAYER bus bar system introduced by Mektrol N.V. of Ghent, Belgium, is claimed to be the makers to provide superior mechanical and electrical characteristics with up to 40 per cent cost savings where power supplies have to be fed to the printed board connectors in systems using many boards.

The basis of each length of composite bus bar is a U-shaped housing, lying in the "U" are from two to six strip conductors, sandwiched between dielectric layers and backed by a stainless steel strip which provides mechanical reinforcing and a measure of screening.

All the items are sealed within the "U" by epoxy resin, including the terminal wires which project from each of the bus bars at intervals along the length of the strip.

These terminals are arranged to be at the same height as the connector pins with which each pair of bus bar composites is associated, the connectors being arranged in ladder fashion down the pair of strips, fixed to lugs provided.

Since the terminal pins are precisely located with their ends in the same plane as the board connector pins, automated wire-wrap wiring systems can be used.

The bus bars suppress noise spikes and crosstalk, and eliminate power reflections between source and load. The low impedance resistance allows high currents to be distributed with very small voltage drops.

More information about the system, which has been named Eurobus, from Mektrol N.V., 158 Afrikaans, 9000 Ghent, Belgium.

PRINTING

Boxes can be screen printed

A HAND-OPERATED flat screen printer, with an automatic vacuum system, has been developed by Excel Screen Processes, Century Works, Havelland Road, Southall, Middx. UB2 4PJ (01-674 6382).

Intended for flat stock such as paper, board, and plastic sheet (including circuit boards), the machine's working area is 570 x 585 mm, with a perforated vacuum bed area of 425 x 450 mm.

Horizontally adjustable side arms of the screen frame holder will take any width screen up to 520 mm and there are five screw positions each side giving depth adjustment for screens up to 520 mm deep. Claimed to cost considerably less than comparable models, the machine is priced at £175 plus VAT.

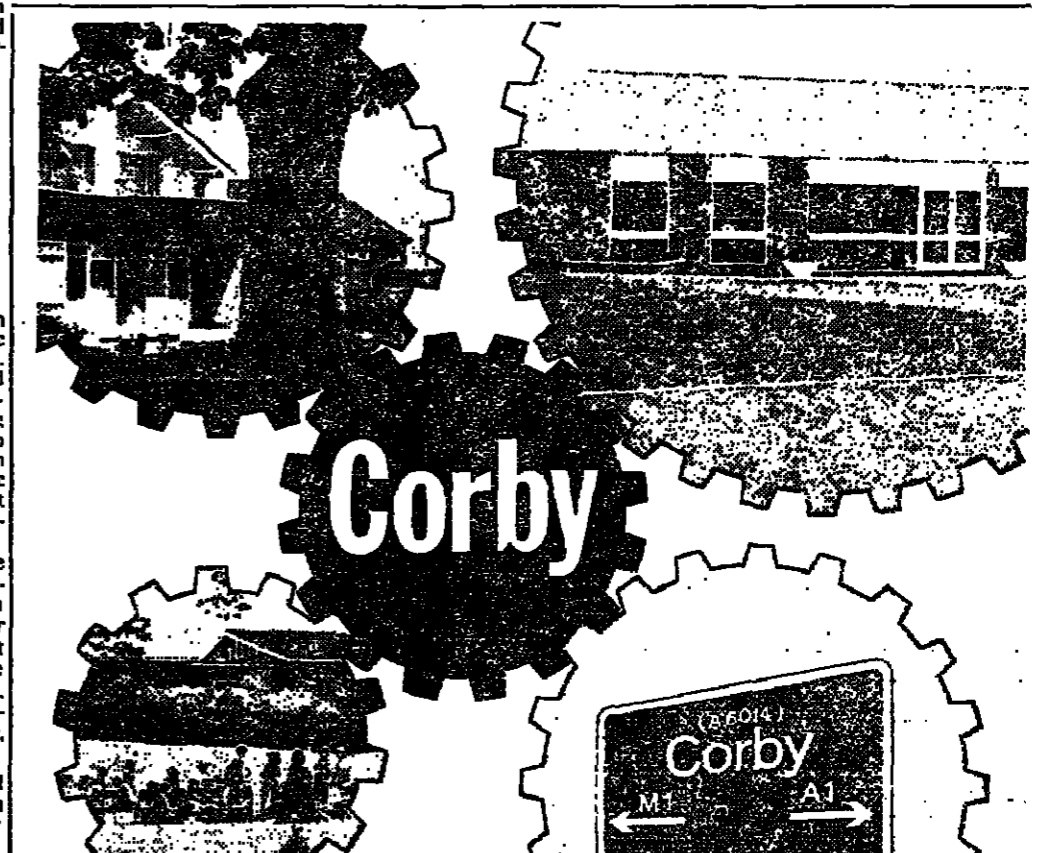
PROCESSING

Extracting iron from wastes

are electric furnaces that can be turned on and off each day instead of having to operate constantly as blast furnaces do. The electric furnaces use small amounts of coal and natural gas.

The process can run on waste materials such as fly ash, mill scale, blast furnace sludge and the fine red dust produced by basic oxygen furnaces. The wastes are blended with finely ground coal, are moistened and then dried, using equipment and technology already in use.

While the pellets are still red hot, they are mixed with limestone as a flux and charged continuously into an electric arc furnace before they get a chance to cool. The furnace completes the transformation of the mixture into molten iron and slag.



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Contact K.R.C. Jenkin, FRICS, Corby Development Corporation, Corby, Northants, NN17 1PA. Telephone: Corby (05366) 3333.

The Property Market

BY JOHN TRAFFORD

The big institutions just keep on buying

INSTITUTIONAL investment interest in well let offices—and to a lesser extent in shops and industrial premises—in the south of the country continues unabated but with virtually all the deals concentrated in the £100,000 to £800,000 range. In the past fortnight (the Financial Times was not published last Friday) no less than 13 substantial deals have been revealed. The most interesting has been Siegel Estate's success in selling its 12,000 square foot freehold office block at 84, Mortlake Road, Richmond, Surrey, to an unnamed pension fund for over £750,000—an initial yield of 7 per cent. With the two other sales made since the abortive Siegel portfolio auction in June, sales now total nearly £1.2m. Knight Frank and Rutley and Alsops, joint agents for Siegel, describe the Mortlake deal as evidence that "the siege has lifted further" but with £20m of property in the portfolio it is too early to say that the relief party is in sight. The other investment deals have been as follows: 7,400 square foot Kingston House, Portsmouth Road,

sold to ICL Pension Fund for £490,000. The building is fully let to the Guardian Royal Exchange Group for £40,700 a year which indicates a yield of more than 8 per cent. City: 6,800 square foot 7/9 Bream's Buildings (a Haslemere refurbishment) let to Target Trust Group for £45,000 with an open market review in 1978 has also been bought by the ICL Pension Fund for £800,000. London, N.W.10: J. S. Bloor has sold his new 46,000 square foot warehouse/16,000 square foot office block development in Old Oak Lane to Carlberg Distributors for about £1m. This is one of the few owner-occupier deals recently reported and probably equates to a yield of 1.5 per cent, above the yield acceptable to an institution. Southampton: Oakhill Developments (Property) have sold their office and showroom development at Shirley, Southampton, to a pension fund for £335,000. The deal was agreed back in 1973 and provides no pointer on yields. Aylesbury: the long leasehold on an 8,000 square foot office block at 13/15 George Street has been bought by a major insurance company from Castlemore Investments for more than £300,000. The building is let to Bucklehamshire County Council for £26,750 a year suggesting a net yield of just below 8 per cent. If the building had been freehold the yield would probably have been below 7 per cent. Alton: 5,000 square foot Lenten House, a Georgian office building, has been bought by a pension fund for £180,000 from Leitch Developments. The office is let to Bausch and Lomb at £14,000

British Land's reassessment

SOME City commentators thought that British Land had not been sufficiently ruthless in cutting the value of its property portfolio from £288m. (the figure in the books based on an April, 1974, valuation) to £235m, which was the directors' assessment of current values at the end of the company's last financial year (March 31, 1975). A closer look at the figures suggests, however, that the company has cut back values very drastically indeed. Of the £288m. total some £30m. is development in progress which it is reasonable to continue to value at cost. A further £50m. is overseas properties which, with currency fluctuations and a now higher proportion of completions and lettings have probably gone up but at least have not fallen. If these two items are removed it appears that British Land has cut £53m. from the rest of its portfolio, valued at £178m. in April last year. This represents a reduction of almost 30 per cent. in the estimated value of U.K. completed properties and development sites. It is known that the development sites value, £10m. at the time of the official valuation, has been cut to the bone but even so the cut in the estimated value of completed properties has been well above 25 per cent. There is a further point here which makes this reduction even greater than it seems. Ninety one per cent. of British Land's portfolio is freehold or long leaseholds, much of it with a highly reversionary content. Most of the major reversionary mature within three years. Thus, if the property market had held steady over the past 12 months the British Land valuation should have risen by a substan-

tial margin because the reversion dates were a year nearer realisation. As the reversion becomes due one must expect the group's rental income, at present a little above £20m. a year to rise quite perceptibly. The main talking point on British Land reversionary is, inevitably, the 350,000 square foot Plantation House in the City. Two interesting points emerge about the property. Firstly, only about 30 per cent of the space is let at rents below market; secondly, most of these reversionary income due in March, 1978, which is not very long into the future. At that point it should be possible for the building to generate about £5m. in rents which, probably account for some 20 per cent of the group's rental income. Much of the comment on the 1975 report and accounts has concentrated on the footnotes and the auditor's qualifications. But many a chairman would benefit from studying the presentation of a Consolidated Capital Account which distinguishes between realised capital profits (and losses) and unrealised items. Furthermore one might wish to see more property companies publish a source and application of funds statement as part of their report. After all, a statement of this kind will be required for trading periods starting after January 1 next year so some people might begin to get their eye in before then.

At North Wallington near Farnham in Hampshire, the permission follows negotiations with both Hampshire County and Fareham Borough Councils in which Mackenzie Hill agreed to leave 11 acres of open space alongside the river Wallington. Work will start next year on the 325,000 square foot first phase comprising factories and warehouses in units from 10,000 square feet upwards. Romulus Construction has won planning permission and a speculative ODP for 20,000 square feet net of offices and 2,250 square feet of showrooms on an island site in Fulham out at around £13 a square foot. Now it is the reader's turn to decide who struck a good deal. Letting agents for the developers are Matthews and Good-lopers, Carreras Rothman, were represented by Healey and Baker, while Higgins Harron represented International General Electric. The bank itself is pushing ahead with fitting out its new headquarters. It is taking two of the nine shops itself to make a large banking hall on the ground floor. Of the remaining seven shops, two are expected to be let very soon and negotiations are well advanced for the letting of two more.

Office sums at Grosvenor gets a tenant

IT looks as though Grosvenor Square Properties is about to let one of the two large office blocks it has built at Stonebridge Park, Wembley, a site which fronts on to the North Circular Road in London. The developers were asking £7.25 a square foot for the 52,400 square foot South Block. An international oil company with interests in the North Sea is said to be on the point of taking the letting, which is certainly encouraging for Grosvenor since the block is only now nearing completion. The South Block, like the

55,800 square foot North Block, is fully air conditioned which accounts for the relatively high asking rent. News of the letting of the North Block is now awaited. Jones Lang Wootton is acting as letting agents for the developers.

OUT AND ABOUT

International General Electric Company of New York has paid a premium of about £500,000 for a lease expiring on December 23, 1982, for the 16,000 square foot office called Park Lane in Park Road, Regents Park, London, N.W.3. The lease requires an annual rental of £22,500. The vendors, Carreras Rothman, were represented by Healey and Baker, while Higgins Harron represented International General Electric.

Philippine National Bank has acquired an additional 4,000 square feet of office space at 103, Cannon Street from the City of London Real Property Company for a rental of under £9 a square foot. The premises are now being modernised. Smith Metzack represented City of London Real and Higgins Harron represented the Philippine National Bank.

Equity and Law Life Assurance, through its agents Stanley Alder and Price of Bristol, has now fully let its 29,000 square foot office development at 23, Baldwin Street, Bristol, to four clients. Rentals range from £3 to £4 a square foot. The ground floor has been let to an American Banking Group; the majority of the building to a major oil company, and the remainder to a merchant bank and a firm of chartered loss adjusters.

Marbleford has asked us to point out that they are not a subsidiary of Fortress Trust, as was reported in this column on August 1, page 10.

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The Executive's World

The happenings at Avon

BY NICHOLAS LESLIE

THE resignation of both the managing director and finance director of a company causes concern at the best of times. But for it to happen at Avon Rubber—a company which two months ago reported a first half loss of £762,000 and which is heavily involved in the tyre and general motor industries, both currently depressed—may justifiably leave the observer in trepidation as to what may happen next.

However, the reality of the departure of John Swanborough and Bryon Horton appears to be that the status quo will be maintained and that the possibility of any radical change in the company's operations has receded with their going rather than if they had won the day in the Boardroom struggle which reached its climax on Monday of last week.

Fundamentally, the aim of the two factions was the same—to relegate tyre and other motor industry activity, still the dominating sales and profit source, to a minor role in the group. It was when the decisions had to be made to achieve this objective that the differences of opinion began to show up, and significantly so in recent months.

Despite the rift, both factions appear to have remained on good terms, and it is perhaps



John Swanborough, former managing director of Avon Rubber.

because of this that only the bare outlines of the arguments have emerged. Nonetheless, the picture that can be built up is interesting for the sharp contrast it reveals in management views on how best to plan the future of a company—which has been heavily dependent on one sector of industry, has built up alternative business, but feels a pressing need to dilute the risks of its structure.

The Swanborough/Horton faction appears to have taken a very pessimistic view of the

future of the motor industry and decided that to achieve a necessary immediate diversification the least profitable tyre activity—perhaps exports—should be trimmed along with some industrial division product lines going to the motor industry. Manufacturing and labour capacity thus freed would be diverted to other existing and new products. While the cash level of sales might fall, releasing working capital requirement, they would hopefully be more profitable.

The view of the majority faction appears to be that, while dependence on tyres and the motor industry must be reduced, this should be achieved by building up the other industrial interests—the company makes, for example, parts for the domestic appliance industry—and the medical interests where Avon has a strong position in blood transfusion equipment. Any trimming of tyre interests, which they consider unnecessary, could reduce activity in the factories to loss-making levels and jeopardise the replacement tyres and motorway depts businesses. Unlike Swanborough and Horton, they seem to expect a fairly early economic recovery and feel any moves should await that event.

That a split should have come is perhaps not surprising. In 1969, Avon reached a watershed when, blaming the credit

squeeze, it abandoned construction of a new £8m. radial tyre factory at Washington, Co. Durham, selling it to Dunlop. It was then that Avon ceased to be a contender in the major tyre market along with the giants like Dunlop and Good-year. It largely withdrew from the original tyre market to concentrate on its industrial activities and its motorway depts and inflatables divisions. But the profit record has nonetheless been erratic. In the five years to September, 1974, they varied from £320,000 pre-tax in 1968-69, to a peak £2.3m. in 1970-71, falling from £2.2m. to £1.9m. in 1973-74 before sliding into a heavy deficit in the current year so far.

Against this background and the current further slump in tyres both viewpoints can be appreciated. But Avon is a rather highly-gear company and any changes require careful judgment of risk. It was at that point that the two sides parted company. The majority would probably concede that their conservative approach will pull Avon through but that it will take some time to relegate tyres and motor industry to a minor role. On the other hand, Swanborough and Horton would probably agree that their plan could either have set Avon fair for the future within two years, or could have produced a disaster.

Putting the best foot forward

BY RHYS DAVID

WITH THE consumer protection movement criticising it on the one hand, and low cost imports threatening it on the other, the shoe industry in Britain can be forgiven for acquiring over recent years a somewhat down at heel image.

With the market down in size and imports continuing at a high level, a number of manufacturers have had to make severe cuts in their labour forces.

The retailers for their part are waiting to see what will emerge from the Office of Fair Trading, which is now working on a code of conduct for the industry in the light of its finding that shoe shops represented, in a nine month period last year, the biggest single source of complaints from consumers. And that is just part of John Timpson's problems.

The present seems less than an auspicious time to take over as head of the second biggest U.K. shoe retailing chain, William Timpson, which has more than 400 shops and some 3.5m. customers last year. John Timpson, the 32-year-old great-grandson of the founder is the man who has emerged as managing director after a management upheaval. But this is not the usual story of succession within a family firm.

John Timpson is the only Timpson involved in the management of the company and has returned after a period with another part of the UDS group, of which Timpsons has been a member since 1972.

For the past two years John Timpson has been responsible for running the Swears and Wells chain which UDS

acquired in the 1960s—a job he will now combine with his new role at Timpsons.

At William Timpson, which with 400 shops is very much number two behind the 2,000 plus chain of the British Shoe Corporation, there is scope for a transformation. The company's shops—heavily concentrated in the North—have recently shown only a modest increase in turn-

'Shoe shops represented, in a nine month period last year, the biggest single source of complaints from customers'

over and have declined in profitability. The company's traditional position has been at the lower end of the trade and its image has been solid and somewhat unexciting.

According to John Timpson, the problems are in the main those of shopkeepers—the way for example the windows are dressed and the way customers are handled. For this reason he will not be aiming at radical changes, into other types of merchandise or in the consumer groups which the shops will try to attract.

Timpsons instead will try to strengthen its position and reputation as a good value supplier of shoes to all the family, offering a high standard of service, and as a first step towards attaining this status a new "no questions asked" approach to the problem of shoe complaints is being introduced.

"Our managers have my personal authority to return cash

to any customer with a reasonable complaint. If a manager believes the complaint is unjustified he must explain to the customer why and if he or she is still not satisfied they will be given a letter addressed to me which can be completed and sent. I will then make sure there is a proper investigation," he says.

Timpsons reckon that prob-

lems account for about 3 per cent of turnover—currently around £14m. But some lines of shoes—including a number of best sellers, and a bigger proportion of imports than domestic production, account for 10-12 per cent of trouble.

Another move being made by the chain, in advance of any code of conduct from the Office of Fair Trading, is to provide more information about shoes to the public in the hope that this too will cut complaints. Customers will be given leaflets explaining how shoes should be looked after with a list of do's and don'ts for getting the most out of them. Other moves are intended to tell customers clearly what shoes are made of, recommended cleaning materials, and perhaps most importantly of all, the type of use for which they are suitable.

More guidance will also be given in the sale of children's

shoes. Timpsons is hoping to increase from the present 40 the number of shops in the group offering shoes in width fittings, even though the incentive for doing so on strictly commercial grounds is not strong. Sources of supply are limited because the handful of manufacturers making width fittings tend to restrict the number of franchisees they offer. This has to be done to protect retailers offering this service because of the need with width fittings to keep three times as much stock. At the same time public demand is not as substantial as it might be.

John Timpson, himself a buyer with the chain before his move to Swears and Wells, is also planning to work more closely with U.K. manufacturers in a bid to step up the proportion of domestically produced shoes in the group's shops. At present shoe retailers can hardly afford not to include in their ranges men's shoes, for example, from Eastern Europe, which are being landed at prices significantly below those of domestic producers. Thus while sympathetic with U.K. manufacturers who claim the prices are artificial, the retailers say that commercial logic makes such purchases inevitable.

But in other areas, according to John Timpson, U.K. shoe manufacturers are losing out on style with the result that shoes are being imported which could be made in the U.K. Timpson's approach will be to try to ensure a greater feedback from the retail to the manufacturing sector so that U.K. producers will be able to concentrate more on supplying what fashion influences in the market dictate.

DESIGN

Travel broadens minds

BY DOINA THOMAS

"THE BIG company has a responsibility to itself to show that there are advantages in working as a designer within a big group," argues Eddie Pond, director of the design studio of the Wall Paper Manufacturer's company, a subsidiary of the £968.6m. turnover Reed International. All too often, Mr. Pond says, the disadvantage of working for a large organisation is that it dominates a designer's attitudes and so, inevitably, influences his work.

The advantages of a large company, at least for designers if not others, lies largely in the size of its purse. It can pay for designers to take sabbaticals, go on study tours, international conferences or just visit designers in other countries. The benefits of constant stimulation of this kind cannot be overstressed particularly as designers in large companies are often confined to a narrow channel of work.

What WPM did for Eddie Pond was to pay his fare to Austria, as well as allowing him the time at company expense to join an international seminar held in the tiny Tyrolean village of Serfaus. The seminar was organised by the International Council of the Societies of Industrial Design, otherwise known as ICSID, but Mr. Pond was sent on behalf of the Society of Industrial Artists and Designers, the British member organisation of ICSID.

The Interdesign seminars, held periodically, focus the

minds of around 20 designers of different nationalities on one local problem. At Serfaus this year the problem was to preserve community identity in the village which was rapidly becoming a very popular ski location. Pond was selected to go partly, he thinks, because he is passionately interested in winter sports and the safety of winter-sports equipment.

While Mr. Pond will cheerfully admit that he thoroughly enjoyed his time at Serfaus, all expenses paid by ICSID, he is positive that the community and the company benefited as much as he did. "It was like a refresher course for me," Mr. Pond comments, "not to mention training scheme and outdoor pursuit scheme, all rolled into one."

Also, of course, a designer in international get-togethers is, in Mr. Pond's view, one way of establishing such a reputation. And by contributing the time of a senior employee the company can be seen to be contributing to the exchange of design ideas internationally.

But what of the advantages to Serfaus, host to this horde of top design talent for two weeks? It can be argued that very little positive contribution could result from such brief co-operation by people previously unknown to each other and handicapped to a certain extent by differing languages.

Mr. Pond counters that it would be impossible to collect together a design team of such high standing in any other way and that, by virtue of being "informed" professional out-

Eddie Pond
design
director
at WPM



siders, this team could get into places, and establish recommendations, that would be prohibitive to locals or nationals. Awe can be a wonderfully useful weapon.

In the case of Serfaus the publicity attendant on this gathering brought home the problems of the village, the gradual swamping of its identity, and the possibility of rescuing the situation, to those who could do something about it. "It brought the people together," says Mr. Pond, "and informed outsiders were able to point out solutions to problems that locals had come to accept as inevitable." And the village was given the opportunity to preserve the heritage that had brought tourists, and possible ruination, in its wake.

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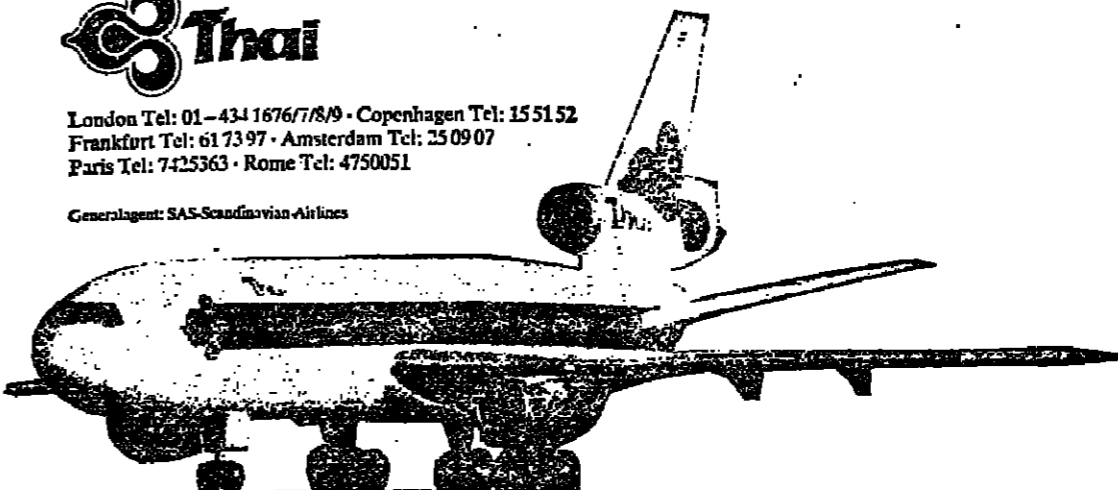
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A flurry of diplomatic activity begins soon, centering on the price of oil.

Oil: producers and consumers settle for interdependence

THIS autumn will see a series of high-sounding and, some argue, crucial international meetings on economic issues. Ministers of the EEC, the Commonwealth and such institutions as the IMF, the United Nations and the Organisation of Petroleum Exporting Countries (OPEC) are all due to hold conferences to find solutions for the world's current economic woes, and to seek a new world order stabilising economic relations between the developed and developing world.

The meetings will range over a wide number of issues, philosophical as well as practical, from commodities and finance to the continued membership of Israel and South Africa in the United Nations. But at the back of all of it will loom the central question of oil and the future course of oil prices, with all that they mean for the balance of payments of importing countries, rich and poor, and the position of the oil producers as potential leaders of the Third World.

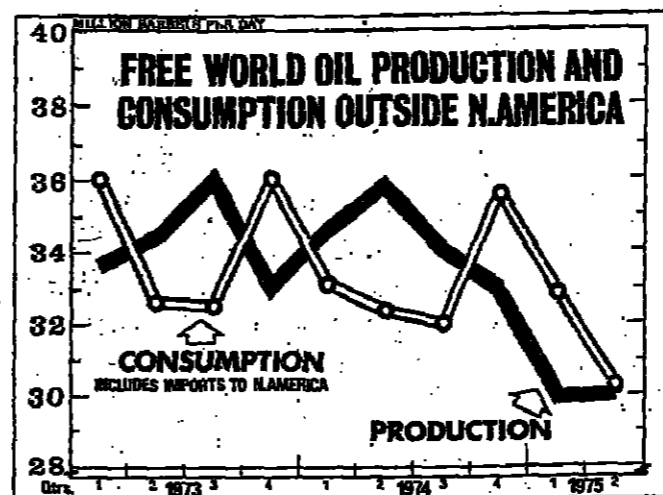
The nearly fivefold increase in crude oil prices over the last two years has not, as the producers themselves have implied, necessarily been the most important cause for the economic recession through which most of the world has been passing. But it has been a major factor, both because of its impact on inflation rates in the West and its radical effect on balance of payments positions and financial holdings. Even more important, it has become a symbol of the dramatic changes in the world's economic order. It was oil which most vividly illustrated the sudden lurch into resource scarcity and high commodity prices of 1972-73. It was the oil producers of OPEC who most imperiously showed the way to a new relationship between primary producers and the industrialised world: and it has been the success of the oil producers in holding their prices against all the odds over the last year which has seemed to demonstrate to the other raw material producers just how this change in the balance of power between developed and developing world might be defended and built upon.

Concentrated sources

The reasons are not hard to find. Oil may be like other commodities in many ways. But it is also unique in the degree to which the industrialised economies have come to depend on it for their economic growth, and in the degree to which its sources are concentrated in a few countries in the Middle East, the most important of whom, Saudi Arabia, has no internal need to produce anything like the quantities it does. As long as Saudi Arabia has been prepared to act as the "swing producer", lowering its output when demand falls, it has not been necessary for OPEC to act as a cartel in the classic sense of consciously organising output so that it does not exceed demand—a role in any case carried out for them by the oil companies operating the normal commercial practice of adjusting their "liftings" to suit their refinery runs. Overall, surpluses of funds among producers may have been greatly reduced by higher expenditure and a drop in exports. Individually, countries like Algeria and Abu Dhabi may have faced difficulties. But so long as countries like Kuwait and Saudi Arabia have been able to accept lower sales when the position has been tolerable.

Low levels of demand

The success of the producers in maintaining price levels is a remarkable and perhaps unprecedented achievement. In the case of almost every other commodity, the economic recession among the major industrialised countries has seen the demand for oil plummet to quite unexpected low levels during the last two years. Consumption rates during 1974 fell in almost every nation at rates varying from nearly 3 per cent in Japan and 4 per cent in the U.S. to up to 10 per



HOW OPEC OUTPUT HAS FALLEN
(THOUSANDS OF BARRELS PER DAY)

MIDDLE EAST	June 75	% change	Jan. 75	% change	Usable Capacity
Saudi Arabia	6,620	-23.3	8,619	-18.2	10,300
Iran	5,126	-15.5	5,432	-11.3	6,500
Kuwait*	2,223	-22.9	2,133	-25.1	3,800
Libya	2,223	-22.9	2,133	-25.1	3,800
Abu Dhabi, UAE	1,416	+2.2	1,200	-18.4	1,720
Dubai, UAE	277	+14.6	251	+8.4	317
Sharjah, UAE	39	0.0	40	0.0	45
Qatar	330	-36.4	460	-11.3	650
Mideast Total	18,698	-14.8	18,508	-13.5	26,132
OTHERS:					
Venezuela	2,490	-17.6	2,574	-19.0	3,300
Nigeria	1,600	-31.5	1,712	-24.8	2,500
Indonesia	1,100	-25.1	1,225	-16.3	1,400
Algeria	1,517	-11.0	1,720	-39.1	3,000
Libya	890	-32.9	851	-22.1	1,100
Gabon	210	+11.7	205	+22.8	210
Ecuador	140	-31.0	139	-40.3	255
OPEC Total	26,505	-17.1	26,284	-16.7	38,097

Notes: OPEC pre-embargo production was 32.9 million b/d in September 1973 and post-embargo peak was 32.2 million b/d in May 1974.
* Includes Neutral Zone.

Sources: Petroleum Intelligence Weekly

bottomed out and crude oil production has started its seasonal rise, the producers have therefore turned their attention to where they go next. While the group they have survived the last year intact, they have undoubtedly suffered severely from the earlier decline in the dollar parity and from the rate of inflation in the West, which has steadily eroded the real value of their dollar earnings.

Faced with an apparent lack of response from the consumers last winter to their pleas for a negotiated solution to oil pricing which would keep prices moving up with the rate of inflation, the last OPEC meeting saw the consumers determined both to revise the form of dollar calculation for oil prices and to impose price increases this autumn to recoup some of the effects of past inflation.

At the same time, the consumers themselves have had to face the fact that oil prices, because of the peculiar structure of the industry and the strength of OPEC, were most unlikely to fall into a free market situation where price reductions automatically followed falling demand and surplus supplies. Following the

producers' favour to the extent that more radical countries would like to see.

On the straight supply-demand side, consumption remains unexpectedly depressed for all the hopes of a revival in world economic activity in the second half of the year. The U.S. and Japan are both showing some signs of higher growth rates, and hence higher oil demand, but the signs remain highly tentative, and the European situation remains stagnant.

Nor has there been the kind of stock rebuilding and dramatic upsurge in marginal product prices which some of the producers had hoped for when they last met and which some elements of the U.S. Government and oil industry had forecast. Certainly stocks were pulled down at an unusually rapid rate during the first quarter of the year, when consumption rates were running as much as 2.5-3m. barrels per day above production. But the stock draw-down was exaggerated by the quite abnormal rate of stock building in the previous year, and in any case had to be set against a picture of lower demand and higher oil prices, when commercial prudence induced oil companies to think in terms of lower operating levels.

Stockbuilding is certainly going on, but the latest estimates suggest that it is at a rate of around 2.5m. barrels per day which is no more than normal at this time of year. Marginal prices of products at Rotterdam have risen by as much as \$10 a ton in the first weeks of this month. While this has been enough to make some products attractive to deal in, it has to be set against the depressed levels of July and includes an element of anticipation of a price rise at the end of September. Prices may well rise a little further for these as well as for seasonal reasons. But at this stage neither the crude oil demand nor the price level looks like going up to a point where the producers could really claim a dramatic rise on commercial grounds alone.

Removing the sting

Added to this, the atmosphere surrounding producer-consumer relations has altered considerably within the last few months. The rise in the value of the dollar on the world markets has taken a good deal of the sting out of that problem. The prospects for an interim settlement between Egypt and Israel are looking relatively good. There has been good progress in the preliminary, bilateral moves towards a dialogue this autumn, beginning with a meeting of the participants of the Paris conference in mid-October and then going on to a full session of 27 countries to establish commissions to study the various aspects of the dialogue, and a

As long as this is so, it is easy to understand why a dialogue should and could get on the ground. But it is much more difficult to see where it will get to as the fundamental problems of price indexation, reform of monetary institutions and commodity agreements are tackled. If the power was all on the producer side, then price indexation would seem a moderate demand but there would be no need for a dialogue for the producers to get what they wanted. If the power was all on the consumer side, there would be no need at all for discussion about price stabilisation arrangements and power sharing.

Tolerable increase

It now seems unlikely therefore that OPEC will impose anything like the \$3 or more per barrel increase which some had been predicting a few months ago. The producers may well impose some kind of increase, possibly around \$1, which they might consider tolerable if uncomfortable for the West. They may even delay the decision again until the end of the year when progress on the dialogue may be more apparent. But neither the market nor their own self-interest would suggest that they have any longer the power that they had at the time of 1973-74 crisis—unless, that is, another Middle East war broke out.

It is against this background that the international conferences during the next month or two must be set. In one sense they represent, as the more radical members of the developing world have suggested, the beginning of a genuine change in the balance of power between the producers of raw materials and the manufacturing countries which have a long held predominance. Yet they also represent a situation in which all the cards are not held on the producer side.

As long as this is so, it is easy to understand why a dialogue should and could get on the ground. But it is much more difficult to see where it will get to as the fundamental problems of price indexation, reform of monetary institutions and commodity agreements are tackled. If the power was all on the producer side, then price indexation would seem a moderate demand but there would be no need for a dialogue for the producers to get what they wanted. If the power was all on the consumer side, there would be no need at all for discussion about price stabilisation arrangements and power sharing.

It could have been worse

THE TOTAL number of people in the U.K. registered as unemployed in early August amounted to just over 1.1m, or 3.4 per cent of the registered labour force. A Government which allowed inflation to roar ahead unchecked for months on end, and which itself aggravated the situation by declaring that it would never countenance the use of high unemployment as an economic weapon, cannot shuff off the whole blame for this state of affairs on to the world recession. But nor, on the other hand, is there much point in seeking to deny that this is a very high figure which involves much serious hardship.

The main reason for seeking to adjust the raw figures, as most commentators have done for years past, is not to play down the hardship caused by unemployment but to turn the unemployment figures (which are precise and prompt by the standard of official statistics) into a more useful economic indicator. One can only guess at the number of unemployed who would be poor job prospects under most normal conditions: the over-sixties are by no means all in receipt of a pension, and some of those who have at present been unemployed for less than four weeks will remain unemployed for considerably longer. But Northern Ireland is a special case; allowance can be made for purely seasonal fluctuations; and it clearly makes sense to eliminate school-leavers and adult students from the figures, as well as those who are only temporarily laid off from work, when one is seeking to establish the long-term trend of unemployment.

Adjusted figure

This is a valid procedure, even when the number of school-leavers registering as unemployed for the first time is (as on this occasion) unusually large and presents an unusually serious social problem of its own. The adjusted figure shows a very much smaller rise in the number of those wholly without work than in the previous month, and the rolling three-monthly average also shows that the rate of increase has fallen. It is far too early to tell with assurance whether or not the upswing is levelling out—there is in any case a good deal of concealed unemployment among those who are not eligible for benefit and simply drop out of the official statistics during a

Union attitude

Unemployment in Britain is still well below the levels it has reached in some other industrialised countries, and the £8 pay limit is intended to help bring about a quick change in inflationary expectations and so keep unemployment lower than it otherwise has been inevitable. The Government has made it clear that the £8 is not an automatic rise for everyone, since some firms may not be able to afford it in full, but a maximum. It is all the more to be regretted, therefore, that just before the Prime Minister's broadcast, in which he claimed massive support from the trade union movement, Mr. Len Murray should have gone out of his way to argue that unions should seek to get the full £8 and that "the word seek implies get". It is not merely the apparent discrepancy of aim between the Government and the TUC that is to be regretted, though that will cause trouble enough in practice. The more fundamental cause for dismay is that Mr. Murray, and the trade union leaders for whom he speaks, seem not to realise even now that if trade unions seek and use their power to get larger pay increases than particular firms can afford, they are themselves responsible for pushing up the level of unemployment.

Talks about talks on the Zambesi

THE MEETING between Rhodesia's Prime Minister, Mr. Ian Smith, and the Rhodesian African Nationalists, which is due to open on Monday morning in a South African train high above the Zambesi river, is the most dramatic development since the Southern African detente exercise was launched last year. It is, of course, welcome as anything must be which offers the faintest possibility of an end to the ten-year stalemate in Rhodesia.

To try again

The two sides, as at the end of last year, have been coerced into Monday's talks by South Africa and by the Black African States led by Zambia. Clearly all these States, deeply disappointed by the events of the past few months, are prepared to try again to prevent the current stalemate in Rhodesia leading to full-scale guerrilla war. Yet urgent though a settlement is in Rhodesia, there is little optimism that this new effort can succeed where others have failed.

Next Monday's talks were set up in Pretoria after discussions between the South African Prime Minister, Mr. Vorster, and Mr. Smith. The agreement of Zambia's President, Dr. Kaunda, was sought and obtained, as presumably was that of the Nationalists. Yet while Mr. Smith continues to insist that the Zambesi bridge talks will do no more than mark the agreement of the two sides to negotiate in detail, inside Rhodesia, at a later date, the Nationalists maintain that this is the constitutional conference proper. They refuse to agree to detailed negotiations within Rhodesia, partly because two of

MEN AND MATTERS

Brigay fray

Garment maker Brigay Group should produce, a little late, its 1974 results today. The shares are 4p. Jack Shane, founder but fired from the Board two years ago, thinks that shareholders ought to block him for a second career with the company to revive it "provided the deterioration has not gone too far".

Thus a struggle is promised which is related to the continuing Spirella/Vantona bid battle, because Vantona owns a quarter of Brigay. Shane wants chairman and managing director Herbert Pilkington (chairman, too, at Vantona and unlike Dr. John Blackburn, managing director there, opposed to Spirella's offer) removed and himself, with 14 per cent of the shares, and accountant John Landau voted in.

Shane trained as an accountant and apart from Brigay dabbled in an issuing house called Finance for Trade (co-directors included Jack Dellal, better-known for Dalton Barton Securities and later bankers Keyser Ullmann), sold finally to a brother of Selim Zilkha of Motorgear.

Vantona began buying shares in Brigay in 1970, and Pilkington and management accountant Julian Richardson joined the Board. Shane thinks Vantona misunderstood what Brigay did in its factories in Wales, Leicester and Luton. In any event, his colleagues voted him out and Shane says he has spent the intervening time on "other interests"—for instance, as adviser to an "international textile group; I'd rather not name them."

He is severely critical of Pilkington, wondering how he

has time to be managing director of Brigay and head Vantona, particularly with Spirella, to say nothing of ex-chairman Basil Glass, keeping things in ferment. Results for Brigay for 1974 are finally due out today; the first-half pre-tax profit fell from £80,000 to £30,000, though the latter did not close down losses at the closed Luton factory.

Shane's associate Landau is father to another accountant whom Shane took with him into Brigay. Martin Landau originally was anti-Shane, but later, Shane likes to think, realised "he'd backed the wrong horse" and resigned from Brigay earlier this year. Whatever the other connections, Brigay and Vantona are alike in the stir created by compensation terms. Glass, at 64, picked up £138,610 for leaving the Vantona chairmanship. Four years or so younger at the time, Shane claimed £85,000 on his dismissal, finally obtaining £20,000 this year. Will he give it back if he returns to Brigay? "I don't feel any obligation there," he says.

Brandts bid?

The Ashbourne Investments story, nearly two years old and getting more complicated by the hour, has a lengthening cast, as I noted on Wednesday. A past participant may have to make a comeback. Thirteen months ago, merchant bankers Brandts withdrew as financial advisers to Crest International Syndicate, Corporate Guarantees Trust and South African property man Bernard Glazer in their bid for Ashbourne—a bid which has not materialised, to the increasing chagrin of the City Takeover Panel.

But if Brandts thought it had severed its connection with this Byzantine situation when it withdrew, it may not be feeling

so confident now. As a letter from William Stern's Wilstar Securities to Brandts in November, 1973, makes clear, the bank undertook to underwrite £200,000 of the consortium's 45p-a-share bid for 57 per cent of Ashbourne not then owned.

The Panel has made it clear privately that it could decide Brandts is still carrying an obligation to make a partial offer to the non-consortium shareholders up to the limit of its underwriting commitment. Brandts said yesterday: "There are those who argue, and they may include the Panel, that we are under that obligation."

This is only one of several complex issues which the Panel may soon face. Corporate Guarantees Trust last week cancelled its shareholders with a notice convening a meeting for September 11 in the West End to put the company into voluntary liquidation. It asks shareholders to approve the appointment of accountant Bernard Phillips as liquidator.

In March of this year Crest passed the interest payment on its 10 per cent loan stock. Subsequently Gerry Weiss, who, as liquidator of William Stern's Nation Life Insurance, became trustee of the Crest stock-gave notice he could no longer act. Crest is asking the Panel to approve a capital reconstruction which would lead to consortium partner Glazer becoming a major shareholder.

On the one hand, therefore, Crest is craving the Panel's indulgence regarding its capital reconstruction but at the same time ignoring the Panel's wishes and not postponing the disposal of 5 per cent of its Ashbourne stake to the new and diminutive Topview. The Panel's chairman is away from the fray: "I reckon we've driven him on holiday," said one participant.

Troubled waters

There was a distinctly nautical flavour to the United Dominions Trust Press conference yesterday held to talk about the annual results with the UDT chairman Leonard Mather sailing serenely through the Scylla and Charybdis of pointed questions on the figures—a loss of £32.4m., before tax, and no dividend for 1974—and the amount of support which the group is still getting from the Bank of England-led lifeboat operation, estimated at upwards of £450m.

Not content with the lifeboat and the group's own sailing ship trademark, Mather tells shareholders: "The storm has not yet abated but our ship is battered down and specially strengthened to sail with greater confidence the rough seas which abound." And later, "We can now sail forward in good heart, plotting our course for a return to group profits in the current trading year."

But the clearing of the decks, as Mather might have said, has thrown up some not inconsiderable losses in areas far removed from UDT's well publicised problems in the property and consumer lending fields. In Australia the group has lost £2m. plus on a cattle fattening business called Champion Beef which is now being sold, while the sale of a one-third interest in the Sheraton Hotel in Perth has caused further provisions of £1m. In each case the UDT involvement was an attempted salvage operation with equity being acquired in exchange for advances which had not been repaid, but UDT's own little lifeboat was not apparently up to the conditions which developed.

Observer

JOHNSON GROUP CLEANERS LIMITED

HALF-YEAR PROFITS 1975

Unaudited results for the 26 weeks ended	June, 1975	June, 1974
Turnover, net of VAT	£7,241,000	£6,041,000
Profit from:		
Trading activities	560,823	487,931
Non-trading properties	193,938	163,119
Total trading profit	754,761	651,050
Sundry income	9,032	15,885
Less interest payable	68,757	32,451
Profit before taxation	697,036	634,487
Taxation	362,450	329,930
Profit after taxation	334,586	304,557
Extraordinary items	87,313	23,371
Dividends	422,399	327,928
Retained profits for the 26 weeks	£274,882	£188,764
Earnings per Ordinary Share	2.49p	2.25p

The Directors have decided to pay an interim dividend of 6.352 per cent gross (being 1.0322p per share with a related tax credit of 0.5558p per share) on 1st October, 1975, against the equivalent of 5.775 per cent gross (0.9673p per share) for 1974, an effective increase of 10%.

Profits (up 10% before tax) have not increased in the same proportion as turnover (up 20%). In part this is caused by higher interest charges. In the main, however, it reflects the difficulties of a situation in which labour and other costs continue to escalate whilst we are subject to a system of price control. This specifies that a proportion of cost increases cannot be recovered by price increases to customers. Every effort is being made to overcome this problem, but, while it exists, it is exceptionally difficult to make a forecast for the year.

COMPANY NEWS + COMMENT

Overseas subsidiaries bolster Rentokil

REFLECTING A 40 per cent increase in profits of the overseas subsidiaries first half 1975 pre-tax profit of Rentokil Group increased from £2.8m. to £2.35m. And the directors expect the year's profit to exceed the £5.55m. for 1974.

The directors expect U.K. profits for the rest of the year to be at least equal to the £1.76m. of the first half, while prospects for the second half overseas are good.

As before, the interim dividend is 0.71p net per 10p share. Last year's total was 1.65p.

U.K. - home sales	6 months 1974	6 months 1975
U.K. sales abroad	435	445
Overseas sales	1,897	2,554
Total sales	2,332	3,000
U.K. profit	1,760	2,895
Overseas profit	1,150	2,350
Total profit	2,910	5,245
Taxation	1,440	1,450
Net profit	1,470	3,795
Dividend	1,650	1,650
Retained	820	2,145

Prints exclude extraordinary credits of £512,000 (debits £234,000) in respect of exchange surpluses on fixed and intangible assets overseas and an increase in the market value of quoted investments. The figures for the year 1974 exclude extraordinary charges of £231,000.

Most U.K. operating divisions performed extremely well in the face of adverse trading conditions but there were two significant exceptions.

The damp-proofing division continued to suffer from the reduced availability of home improvement grants that has affected its turnover and profits since July, 1974.

Rockwool mineral wool, the insulation division, was severely hampered by Government restrictions on cavity wall insulation appropriate to less reliable products. It is expected that these restrictions will soon be relaxed in respect of Rockwool, says the chairman Mr. P. L. Burkin.

Prospects for the second half-year in the U.K. will be affected by increased costs.

comment

Rentokil's advance of 2 per cent rests heavily on the overseas division where profits moved ahead by 40 per cent, but this is flattered by exchange rate movements accounting for 20 to 25 points of that advance. Other divisions to the profits split include the first-time contribution from the U.S. acquisitions to the overseas figures, while U.K. profits are depressed by about £30,000 of interest on the loan raised for those acquisitions. Even so, the home division has gone lame as damp course sales suffer from restricted local authority improvement grants, and cavity insulation is hit by a clamp down of controls. Pest control is still moving ahead, and there are hopes that the Government will relax the position on cavity wall insulation in time to save the busy autumn period, so an improvement over the first half in the U.K. is expected while the overseas contribution hinges to a fair degree on exchange rate movements. At 57p, on a prospective p/e of around 21, Rentokil's market capitalisation of £38m, already has its eye on the long-term growth prospects for Rentokil.

UGI chief warns of redundancies

Mr. Hugh Nicholson, chairman of United Gas Industries, which makes meters and heat exchangers yesterday said the Government's 26-week pay maximum was inflationary in itself.

He told shareholders at the annual meeting in June that the company, 15 a week for the 4,000 people employed comes to almost £1,300,000 a year. This is in excess of the profit made even before interest.

He warned that to avoid a loss, the company would have to raise its prices, "in itself inflationary," or reduce the number of employees.

"The last thing we want to do is to reduce the number of employees, but this is to some extent unavoidable."

RFD Group Limited

Reorganisation leads to record profits

- * Group pre-tax profits at record £1.4 million
- * Group turnover substantially increased to £11.6 million of which overseas sales were a record £3.9 million
- * Net dividend of 11.78p per cent covered 5.2 times
- * Borrowings considerably reduced
- * The Chairman, Mr. D. R. B. Mynors, states that having returned to profitability, the Group is now able to "press on with longer term development and expansion"

RFD Group manufactures inflatable life saving equipment, parachutes, gunnery training simulators and webbing products. It also processes and weaves synthetic and fine cotton fabrics.

Copies of the 1975 Annual Report and Accounts are available from the Secretary, RFD Group Limited, Cottesbush Lane, Godalming, Surrey, GU7 1EL.

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No major upturn for Plessey

Plessey expects no major upturn in its current financial year, the chairman said after the annual meeting. However it was too early to give a definite forecast of the year's results.

The company's order book is holding up throughout its product range and "things are on plan" he said. There are some indications of a recovery in the U.S., and the order book of Garrard Engineering is somewhat stronger, he said.

Woodhouse & Rixon expansion

TURNOVER OF foremasters, etc. Woodhouse and Rixon expanded from £2m. to £2.15m. in the half year to June 30, 1975, and pre-tax profit advanced from £0.35m. to £0.37m. The figure for the year to December 31, 1974, was £0.78m.

Mr. G. S. Baker, chairman, says "all subsidiaries contributed to first half result, with the foreign companies being particularly profitable."

"Although there has been a reduction in order intake for some of our products, demand for most products has remained at a satisfactory level, and together with good order books should ensure a continued high level of activity."

A one-for-one rights issue at 12.5p net per share to raise £263,000 is announced, payable in full on acceptance not later than September 12.

In pursuance of the policy of internal growth and carefully selected compatible acquisitions to strengthen the company's position, it is planned to modernise the plant and expand existing facilities. The company is also in the early stages of negotiations for the acquisition of a business in one of the EEC countries. Other acquisitions are being actively considered.

If any of the negotiations are successful the proceeds of the issue will be utilised.

Following the issue the capital will exceed £1m., giving trustees status.

Half-year 1975 1974

Turnover £2,150,000 £2,000,000

Profit before tax £37,000 £35,000

Profit after tax £28,000 £26,000

Taxation £9,000 £9,000

Net profit £19,000 £17,000

Dividend £11.78p £11.78p

Retained £7,220 £6,220

Interim dividend of 0.9438p (0.8842p) net is declared. A maximum permitted final dividend of 1.78p is forecast - last year's total was 1.77p. Stated earnings for the half-year were 3.88p (3.5p).

The issue has been under-

written by Singer and Friedlander. Brokers to the issue are Hoare and Co. Govett.

Holders of incentive shares are entitled to subscribe for the new shares but at the full price.

comment

Woodhouse and Rixon has made its rights issue at a hefty discount—57p per cent against a recent average with new issues of about 30 per cent—to improve the income position of its shareholders. At 30p, up 1p last night, the shares would have yielded a prospective 10 per cent, but at the ex-rights price of 21p the prospective yield, assuming a maintained interim in 1976, is 13.7 per cent. The gross cost of raising the money is expensive, about 53 per cent, and although bank borrowings have increased by 120 per cent, to £297,000 since the year-end, this compares with shareholders' funds at the time of £1.75m, so liquidity is no problem. This increase has mainly been due to investment of £270,000 at the Eisteddfod subsidiary, whose output has been a significant contributor to a 71 per cent rise in interim pre-tax profits. The return on capital has averaged 281 per cent over the last five years, including 44 per cent in 1974, and the outlook for the year is at least £1m. are tax for prospective earnings of 8.3p on the enlarged capital. This apart from the income argument, should underpin the current share price.

Statement Page 19

Atlantic Assets cuts dividend

REVENUE, before tax, of Atlantic Assets Trust amounted to £345,000 for the year to June 30, 1975, compared with £386,000 for the previous year, and the dividend is halved to 0.4p net per 25p share.

The directors point out that earnings for the year are not comparable with the previous year owing to the loss of dividend from Edward Bates and Sons (Holdings) and the acquisition of Bates Oil Corporation. In the circumstances they consider it prudent that the dividend should reflect the earnings position for the year.

Half-year 1975 1974

Revenue £345,000 £386,000

Profit before tax £19,000 £17,000

Profit after tax £14,000 £12,000

Taxation £5,000 £5,000

Net profit £9,000 £7,000

Dividend £0.4p £0.4p

Retained £5,000 £4,000

Interim dividend of 0.2p (0.2p) net is declared. A maximum permitted final dividend of 0.4p is forecast - last year's total was 0.4p. Stated earnings for the half-year were 0.4p (0.4p).

The issue has been under-

valuation at net asset value and Bates Oil Corporation has been included at cost.

Wesford Investments and Glenis Investments have been included in the valuation at net asset value. Save and Prosper Group has been valued by the directors at £10 per share and Haw Par Brothers International has been included in the valuation at £81.50 per share (representing 15.3p per Atlantic share) which was the price ruling on the Kuala Lumpur Stock Exchange on June 30. Haw Par has since that date been suspended pending investigations by the Singapore authorities.

Pentos well placed for growth

FIRST HALF 1975 turnover of Pentos expanded from £7.05m. to £9.59m., and pre-tax profit advanced from £0.9m. to £1.01m. The figure for the year 1974 was £1.88m.

The chairman, Mr. T. A. Maher, says the company is "well placed to take advantage of opportunities and to weather successfully any future recession."

Earnings per 10p share for the six months increased from 3.6p to 3.95p, and the interim dividend is raised from 1.005p to 1.5p net in order to reduce disparity—a maximum permitted total of 3.1001p is forecast (2.905p).

Half-year 1975 1974

Turnover £9,590,000 £7,050,000

Profit before tax £1,010,000 £900,000

Profit after tax £760,000 £675,000

Taxation £250,000 £225,000

Net profit £510,000 £450,000

Dividend £1.5p £1.0p

Retained £360,000 £350,000

Interim dividend of 1.5p (1.0p) net is declared. A maximum permitted final dividend of 3.1001p is forecast (2.905p).

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Distillers

Extracts from the statement by the Chairman, Sir Alex McDonald, circulated with the Report and Accounts for the year ended 31st March, 1975

GENERAL OBSERVATIONS ON RESULTS

The trading profit for the year ended 31st March 1975 amounted to £79.8 million, a reduction of £9.3 million compared with the results of the previous year. Purchases by our customers in anticipation of the increase in export prices made in January 1974 transferred into the previous year a substantial volume of exports of both Scotch Whisky and Gin which would otherwise have taken place in the year under review. In other areas the year was a disappointing one. Profitability in the home market was restricted by rising costs, price control and the delays inherent in the procedures for obtaining price increases. The results of some of our other United Kingdom operations were adversely affected by difficult trading conditions, particularly in the cases of the Carbon Dioxide Company and the Peerless Refining Company. Elsewhere we had similar problems, especially in Australia, where our subsidiary Companies had to contend with swinging increases in duty and a high rate of cost inflation.

As will be seen from the Group profit and loss account, an increase of £4 million in interest charges contributed to the reduction in profits, so that after deducting taxation and minority shareholders' interests and adding our share of the results of United Glass the profit before Extraordinary items was £34.6 million or 9.5p. per share compared with £42.5 million and 11.7p. last year. A special supplementary contribution to the Group pension fund of £2.5 million is the main Extraordinary item. This is the additional sum after tax which we were advised by the consulting actuary was required at 31st March 1975 to fund the liabilities of the United Kingdom scheme. The shortfall arose from the effect of inflation upon pay levels since the fund was last valued three years ago. Unless inflation can quickly be brought under control it is very doubtful whether schemes providing pensions related to final salary will be able to continue in their present form.

The surplus attributable to the Company was £31.0 million. Your directors now recommend a final dividend of 3.3685p. per share. An interim of 2.0125p. per share has already been paid, making the total distribution for the year 5.381p. per share. Together with the associated tax credit the total distribution is equivalent to 8.18604p. per share compared with 7.44187p. per share last year.

The Group balance sheet shows that the value of stocks has increased by £69.4 million. A proportion of this figure is attributable to increased volume but the major part is a result of the high prices of raw materials and other greater manufacturing costs. As a result of the reduction in our distilling programme announced in December 1974 the increase in the value of stocks during the current year, although still substantial, will be somewhat lower. On the other hand, debtors at the year's end showed a relatively small increase but must be expected to rise sharply this year as a result of the massive additional burden of duty imposed by the Chancellor in his April Budget.

To fund part of the increased working capital required, available resources were augmented by a £25 million consortium bank loan repayable in 1979.

When changes in the purchasing power of the pound are taken into account, the Group profit before Extraordinary items was £32.9 million compared with £42.3 million for the previous year, equivalent to 9.1p. per share compared with 11.6p. Due to the very high level of inflation the net addition to equity interest during the year of £9.7 million wholly relates to the benefit derived from obtaining part of our financial requirements by way of long-term loans. The reduction in purchasing power of these loans by itself represented a gain of £19.1 million.

SCOTCH WHISKY

In the earlier part of the year the prices of cereals reached unprecedented levels and, although there has been some falling off in recent months, the increases in costs which have occurred over the years since our stocks of mature Scotch Whisky were laid down present us with a serious problem in making financial provision for their replacement. This particular consideration, coupled with limitations at that time upon the availability of additional long-term finance, was the major reason for our decision to reduce the production of new Whisky as from 1st January last to a level which was within our resources. Fortunately, in producing our existing stocks of maturing whiskies we had in the past made allowance for a number of contingencies which, in our present judgment, are unlikely to emerge and thus no restriction need currently be apprehended as regards the availability of our major brands.

For most of the year our blending and bottling plants faced a multiplicity of problems arising from bottle and material shortages, from disruption of distribution services during the transport drivers' strike and from a number of internal strikes. Cumulatively, these combined to create circumstances in which our blending and bottling companies were, on a number of occasions,

SUMMARY OF RESULTS for year ended 31st March

	1975 £'000	1974 £'000
Turnover	617,111	542,127
Group profit before tax	73,776	86,971
Profit after tax and minority interests	34,616	42,533
Extraordinary items	3,662	16,988
Surplus after extraordinary items	30,954	25,545
Dividends	19,542	18,421
Earnings per share	9.53p	11.71p
Dividends per share	5.38p	5.07p

unable to meet all the needs of their customers but on the whole supplies to the consumer were maintained reasonably well.

Owing to the limitations imposed by finance, some of our capital investment programme has had to be deferred. We have, however, continued the plan to expand the distillation capacity at Port Dundas. For some time the availability of barley malt from our own maltings has been insufficient for our forecast requirements. Arrangements are now proceeding for the enlargement of our existing maltings at Hillside and Ord.

The extension to our blending and bottling plant at Leven, Fife, is making excellent progress and the additional production lines should be in operation this year. To meet the longer-term projections of sales a completely new blending and bottling establishment is now under construction at Shieldhall, Glasgow, and is scheduled for completion in 1978. This plant will be operated by John Walker & Sons Ltd. and will be supplementary to their existing facilities at Kilmarnock.

In the home market the year opened with a duty increase which, although the first for some five years, was nevertheless unwelcome. It widened the gap between the taxes imposed by the United Kingdom and those in the rest of the EEC, which the member countries are committed eventually to close by the process of harmonisation. Despite the higher duty, the industry's sales at home increased to a new record. The market remained intensely competitive but the percentage increase in sales of Group brands was ahead of that achieved by the industry as a whole. In this performance all our major companies participated, with Dewar and Walker achieving above-average results.

We continued to experience substantial advances in the cost of wages, salaries, bottles and other materials and these led to successful notifications to the Price Commission of increases in home trade prices starting on 1st January 1975 and following on with others at three-monthly intervals up to the present time.

As has been the practice for many years, strong representations were made to the Chancellor on the very high rate of duty levied on spirits compared with other beverages and the heavy financial burden imposed upon members of the industry by the need to fund this duty during the traditional period of trade credit. At certain times of the year this has required in the past the commitment of financial resources by the industry to the extent of about £75 million. Despite these approaches, the Budget in April of this year further increased the rate of duty by nearly 30%. No assistance has been forthcoming on the problem of funding even the additional duty which in itself will at times require the availability of another £25 million. The industry's burdens at home are thus considerably heavier. The Government now reaps £2.58 in excise duty on every bottle sold in this country and, with Value Added Tax being payable on the duty-paid price, the VAT element has gone up correspondingly.

As mentioned earlier, export prices of the Group's standard brands were increased in January 1974. Our experience on previous occasions has been that following upon such an increase our market share is initially much impaired and this occasion was no exception. Over-all, we did not participate in the expansion in exports during the last financial year, although, of course, there were some exceptions to that generality.

In the United States the year opened with the threat of a longshoremen's strike on the East Coast which would have closed the ports from the beginning of October. The bulk of our Christmas trade there was thus at stake and very large orders, particularly for Dewar's

White Label and Johnnie Walker Red Label and Black Label, were received for early shipment. The first six months of the year, therefore, were extremely busy and the effect of the reduction in business confidence in the U.S., coupled with increased unemployment and short-time working there, was perhaps obscured. Thus, when the threatened strike was called off, the immediate reduction in demand was not ascribed to the principal causes as seen in retrospect. After the completion of the Christmas trade, however, it was clearly necessary for us to revise our sales budgets for this market.

Despite this, Dewar's White Label and the Johnnie Walker brands continued to occupy leading positions in the U.S. market and one has every confidence that they will share in the improvement in sales which should follow an upturn in that economy.

The German market, after three disappointing years, showed considerable improvement.

In Japan the year has been one of consolidation, following shipment of large supplies last year. Competition is growing but I am glad to report that White Horse, Haig and Old Parr continued to make good progress, while Johnnie Walker remained by far the leading brand there. In Australia, New Zealand and throughout the Pacific Johnnie Walker also maintained a dominant position.

Some success has been achieved in Canada, particularly in British Columbia. In South America the Venezuelan market remained strong and our brands, headed by Buchanan's de-luxe and Black & White and followed by Johnnie Walker, Haig Dimple and Old Parr, continued to develop their business most successfully.

In Africa the demand from developing countries improved but competition was intense. In South Africa, White Horse retained the leading position.

In Italy VAT on Scotch Whisky was recently raised to 30%, a most discriminatory measure, for in respect of spirits produced from grapes the rate remained at 12%. We are doing everything possible through official channels to have this blatant breach of the EEC rules eliminated.

During the year an exceptionally large number of foreign Governments introduced heavy tax or duty increases. The main markets involved were Australia, Canada and Mexico with increases equivalent to 55p., 24p. and 70p. per bottle respectively. One cannot but reflect that the Governments of these and other countries are influenced in this regard by the policy of H.M. Government who are, regrettably, leaders in the field of heavy taxation of our products.

GIN

Although affected to some extent by shortages of bottles and other materials in the period before Christmas, sales of our brands of Gin in the home market showed an appreciable increase. With diminishing profits and continually rising costs it became necessary to notify price increases starting with one on 1st January and thereafter at three-monthly intervals. The heavy duty increase imposed in the Budget this April also led to a considerable rise in the retail selling price of our brands of Gin, the long-term effect of which in terms of sales cannot yet be measured.

Shipments to export markets exceeded the figures of the previous year and I am pleased to report that sales of Tanqueray Gin in both the USA and Canada, in spite of prevailing economic conditions, continued to show most satisfactory gains. As regards countries where our brands of Gin are locally produced, both Gordon's and Booth's High & Dry recorded useful increases in the United States and sales of Gordon's in Spain showed substantial progress.

In spite of the general recession in trade, world-wide sales of Group brands of Gin reached a record level.

VODKA

The growth in the sales of Cossack Vodka in the home market continued, although the market remained extremely competitive. In the United States Gordon's Vodka achieved further progress.

PIMM'S

The encouraging increase in the sales of Pimm's in the UK market which I reported last year was not maintained. The poor summer in 1974 undoubtedly had an inhibiting effect. Nevertheless, the prospects for Pimm's remain bright.

COGNAC HINE

In common with most Cognac houses, Hine experienced a difficult year in terms of over-all sales and profits.

The company emerged from the year well equipped to support increased sales in the future while, at the same time, maintaining the high quality of its brands.

AUSTRALIA

The results of the United Distillers Pty. Ltd. suffered a severe setback due to the difficult economic situation in Australia and in particular the further sharp increase in duty imposed in July 1974. This led to a serious fall in sales of the Company's products and to a substantial loss on trading.

Tolley, Scott & Tolley Ltd. also had a difficult year, during which sales of their Australian brandy were much affected by the steep rise in the rate of duty.

FOOD GROUP

The Yeast and Food Division had a successful year with increased turnover and a further improvement in profitability. The sale of food products to the catering and bakery trades continued to expand and the return upon capital employed was satisfactory. Sales of Bakers' and Distillers' Yeasts in the United Kingdom were maintained but exports of Active Dried Yeast were reduced in the second half of the year.

The Peerless Refining Company had a difficult year. The subsidy on butter caused a reduction in the demand for margarine and exceptionally high prices for oils and fats lowered consumption for manufacturing purposes. As a result, sales and profits were considerably reduced.

CARBON DIOXIDE

The results of our Carbon Dioxide operations were seriously affected by the general economic climate. Costs escalated sharply to an extent which substantially outweighed the increases in price which could be obtained. At the same time, growth was restricted and sales in terms of volume showed only a very small increase on the previous year's level. As a consequence, profits were much reduced.

UNITED GLASS LIMITED

The consolidated profit of United Glass in the calendar year 1974 was £5,510,000 before taxation compared with £5,625,000 in the previous year.

Lost production caused by disruptive disputes in those industries which provide the divisions with essential supplies and services made it impossible to meet all customers' requirements. However, each division either maintained or exceeded previous production levels and this reflected the growing benefits of the planned investment programme of recent years.

It seems clear from the experience of the early months of 1975 that a quite dramatic collapse in demand for glass containers of all types has occurred. This is producing somewhat different problems for the management in the current year but the Company remains soundly based to take advantage of market opportunities.

PERSONNEL

Our personnel again demonstrated their ability to cope with the adverse conditions in which business was conducted last year. Their achievements in the circumstances deserve our appreciation and thanks.

FUTURE PROSPECTS

The demand for Scotch Whisky in export markets, so strong over past years, has shown particular weakness in the USA since last Christmas. In many other parts of the world consumption remains encouraging and the prospect for sales reasonable. As regards profitability it is hardly possible to comment usefully on the future at a time when our Government is making further attempts to contain inflation. Our future is very much dependent upon the outcome of these efforts.

The Ninety-eighth Annual General Meeting of The Distillers Company Limited will be held at the North British Hotel, Edinburgh, on Thursday, the 18th day of September, 1975, at 12.15 p.m.

The
Distillers DCL
Company Limited

INTERNATIONAL COMPANY NEWS + EURO MARKETS

BAT Brazilian affiliate gets \$38m. loan

BY SUE BRANFORD

THE MINISTER OF Planning, Sr. Joao Paulo Dos Reis Velloso, will present to-day at the signing of the contract for the largest loan that the government-owned BNDE (National Economic Development Bank) has ever made to a private company. The \$38m. loan is going to Aracruz Celulose, an afforestation company in which British American Tobacco, through its Brazilian subsidiary, Souza Cruz, has a 21.7 per cent. holding. The loan will be used by Aracruz to help finance a large pulp factory which will eventually have an

annual production of 400,000 metric tons of bleached kraft pulp. Aracruz already has a large afforestation project with 100,000 acres already planted with eucalyptus trees, and with plans to plant another 72,000 acres by 1977. Besides BAT, the Swedish company Billerud Aktiefabrig also has a 7.5 per cent. holding in the company. However, Brazilian capital, Government and private, has a controlling interest (51 per cent.) of the project. Most private companies, including Souza Cruz, by far Brazil's largest cigarette manufacturer, are participating in the project.

SAO PAULO, August 21.

project through the TAG incentive scheme by which companies can deduct up to 50 per cent. of their income tax provided the money is invested in a priority sector of the economy. One reason for the Government loan is to make sure that the project is not delayed. The project is not delayed, but on the contrary, will demonstrate the Government's confidence in the company, but the negotiations have been proceeding very slowly. It is not believed that the Government loan will close the door to Arab participation but, on the contrary, will demonstrate the Government's confidence and commitment to the project.

More moves in Cyclone battle

BY JAMES FORTH

SYDNEY, August 21.

THE TRADE PRACTICES Commission, which has already blocked one takeover bid for steel products group Cyclone Co. of Australia, to-day asked another suit, Boral, to stop buying heavily on the share market. The request comes on the eve of a special meeting by Cyclone to ratify a proposed acquisition by Cyclone which will entail the addition of 7.6 per cent. to its capital. If approved, the move will strengthen Cyclone directors' resistance to the Boral bid, because the recipients of the new shares cannot sell for twelve months without the approval of Cyclone.

The TPC decided to investigate the implications of the Boral bid even though it had not applied for a clearance. A company need not apply if it believes the takeover would not be successful. Boral's bid for Cyclone is a fine of up to \$250,000 if the TPC can establish that the purchase did reduce competition. The TPC stepped in after Boral made its second offer and then began buying on the market. Two days it picked up about 1m. Cyclone shares, lifting its holding to 14.2 per cent. of the capital and making it the largest shareholder. Boral intended to keep buying until the meeting in an effort to block the Cyclone purchase but was thwarted by the TPC.

Cyclone plans to buy the 28.3 per cent. interest in Cyclone Double Grip Scaffolding Pty. held by London and Midland Steel Scaffolding. If Cyclone can obtain approval it will increase its capital by 7.6 per cent., watering down Boral's holding and making its task more difficult. Boral appealed to the TPC to withdraw its request to stop market purchases and to ask Cyclone to adjourn its meeting until the annual meeting, but the TPC refused. In a further development late tonight Boral directors sent two telegrams to Cyclone's home stock exchange, Melbourne, claiming that Cyclone had breached Exchange listing requirements and requesting the Exchange to cancel tomorrow's meeting. Boral said that the number of shares to be issued by Cyclone exceeded more than 10 per cent. of market capitalisation, and pointed out that some directors of Cyclone Double Grip, who would receive Cyclone shares, were also Cyclone directors.

No reconstruction for Oyama

OYAMA SHIPPING is being forced to liquidate its assets, following a decision by the Tokyo district court not to allow the firm to attempt a reconstruction under legal protection from creditors. Officials listed the company's liabilities as about ¥17.5bn. The value of its assets has not been determined yet. Oyama's bankruptcy is attributed mainly to overinvestment in vessels and facilities, aimed at containerising South-East

Asian shipping routes just before the volume of trade on these routes slumped sharply. The company then became involved in a rate-cutting battle that resulted in negative cash flow. Oyama was also hurt by the severe port congestion in the Middle East. Its conventional cargo ships became stranded in Middle Eastern ports waiting to unload, thereby reducing the company's revenue even more. Main bankers in Japan are

Saitama Bank, but Oyama is not a member of any major Japanese industrial group. Nor was it a member of the Japanese Government's domestic merchant marine programme. Both factors led to its speedy demise once bankruptcy proceedings were initiated. The company's most attractive asset is considered to be a 63.3 per cent. interest in Kowloon Container Warehouse, of Hong Kong. AP/DJ

G.M. FIRTH (Metals) Limited STEEL STOCKISTS AND MERCHANTS

Mr. G. M. Leadbeater reports

The latter part of the year under review saw the beginning of the most difficult period the steel industry has known since the early 1930's, however we still managed to achieve the second highest profits, before tax, in our history. Your directors are proposing a final dividend of 3p per share raising the total for the year to 5p which equals the net dividend paid last year. Despite economic and political uncertainties, we refused to be deflected from our longer term aims, in the belief that those companies which are able to continue to invest prudently when conditions are difficult will show above average growth in the future. We have now completed our current capital expenditure programme at a total cost in excess of £1.5 million (during the last two years) financed entirely from our own resources. The group has a network of depots (Bradford, Glasgow, Liverpool and Teesside), equipped with modern machinery, which are capable of handling its growth in the Midlands and North. A sales office has recently been opened in Birmingham. From this strong

base we can now plan our extension into South West and South East England and the industrial belt of South Wales. These development plans for our stockholding division led us to the conclusion that capital invested in our H.E.T. (Steel) Scarf subsidiary would be better utilised and re-deployed elsewhere. H.E.T. (Steel) was becoming too much affected by governments and politics around the world, which precluded us from planning a normal investment programme and growth. This led the board to decide to discontinue the steel business of H.E.T. (Steel). World-wide recession in all steel consuming industries continues and there appears to be no significant recovery prospect this side of December 1975. Wear selling prices offered by competitors less financial strength, however, margins. Expenses are tightly controlled, but the first half of the current year will inevitably show a smaller profit than last year. Our confidence in our future growth is both positive and strong and we have the structure in place to benefit fully from any turn-around in the market.

	Year to 31st March 1975	Year to 31st March 1974
Group turnover	£10,435,162	£7,435,278
Profit before taxation	£801,465	£903,544
Taxation (all deferred)	£417,200	£498,092
Profit after taxation	£384,265	£405,452
Earnings per 10p ordinary share	14.4p	15.2p

Notes:
(1) The cost of the interim dividend paid on 26th March 1975 was reduced by £27,245 as a result of elections by shareholders to receive, in lieu, the capitalisation issue of shares.
(2) The earnings per share for the previous year have been recalculated to take account of the above capitalisation issue.

A copy of the report and accounts may be obtained from:
The Secretary, G. M. Firth (Metals) Limited,
Wallis Street Works, Cemetery Road,
Bradford, BD8 8RP
Telephone Bradford 491441 (STD code 0274)



The Hongkong Land Company, Limited

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Manufacturers Hanover Trust Company

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Robert Fleming & Co. Limited

HIL to accept HK\$150m. offer

BY Philip Bowring

HONG KONG, August 21.

ON THE ADVICE of merchant bankers Schroders and Chartered, the Board of Hutchison International is to advise shareholders to accept the offer made by the Hongkong and Shanghai Bank two weeks ago by which the bank would subscribe to an issue of 150m. new shares at HK\$1 (par value), and appoint a new chief executive and two other Board members.

An extra-ordinary general meeting of HIL will be called for September 4 at which the Board will propose ratifying the offer and permitting the required increase in issued capital. Shareholders are promised a statement next Wednesday listing "all of the relevant details." Unless these include all of the relevant financial details about the company's position, so long as the shareholders' meeting could be adjourned, Shareholders may need little convincing that Schroders and Chartered is right in concluding that there is no other viable option, at this late hour, to HIL's problems. But they will need to be convinced that the offer from the bank is equitable and that Wardlaw, the merchant banking arm of the Hongkong Bank, had no alternative but to pull out of the rights issue by which HIL, finance were to have been put in order.

HIL directors will need to explain the facts and figures of the offer, and how the company got into it. HIL shares were traded to-day at HK\$1.58—up from 58¢ last week. The bank's offer of HK\$1.58 per share is 58¢ more than the 58¢ per share for shares when the deal was through, as it now unquestionably will.

H.K. Land buys Cannae holding

Financial Times Reporter

THE HONGKONG Land Company has acquired an substantial shareholding in Cannae, a company which is constructing a prestige office building in Jakarta in joint venture with Indonesian partners. The Hongkong and Shanghai Banking Corporation is the major shareholder in Cannae, with other shareholders including the New Zealand Insurance Company. The project will be ready for occupation by August 1976, and will cost approximately HK\$100m. The building will be 15 storeys and will accommodate the Jakarta office of the Hongkong and Shanghai Bank. The building is situated in the hub of Jakarta's commercial district, with Kota to the north and Thamrin to the south. On completion it will contain 16,000 square metres of office space, and will be among the most modern buildings in the city.

Westralian profits

By Our Own Correspondent

SYDNEY, August 21. WESTRALIAN International, Perth-based merchant bank, boosted profits sharply to \$438,302 in the year to June 1974. Despite the improvement the company has not declared a dividend to its shareholders, which include crown agents for overseas governments and administrations.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

CONVERTIBLES	5M	Offer	5M	Offer	
Amaz. 5pc 1985	99	100	GTE 5pc 1986	97	98
Amst. 5pc 1985	99	100	ICI 7pc 1985	97	98
Amst. 5pc 1986	99	100	Boat. 5pc 1985	97	98
BPCE 5pc 1986	99	100	Nat. Gridlines 7pc 1987	77	79
Borgerland 5pc 1986	99	100	Pacific Light 5pc 1986	90	90
Can. 5pc 1985	99	100	Prov. of Quebec 7pc 1986	97	98
Can. 5pc 1986	99	100	Quebec 7pc 1986	97	98
Can. 5pc 1987	99	100	Oceania 5pc 1987	97	98
Can. 5pc 1988	99	100	Shell 5pc 1986	97	98
Can. 5pc 1989	99	100	Stand. Oil (Ind.) 5pc 1986	97	98
Can. 5pc 1990	99	100	Transocean 5pc 1986	97	98
Can. 5pc 1991	99	100	Transocean 5pc 1987	97	98
Can. 5pc 1992	99	100	TRW 5pc 1985	97	98
Can. 5pc 1993	99	100	Unib. 5pc 1985	97	98
Can. 5pc 1994	99	100	Volvo 5pc 1985	97	98

NOTES
Air France 5pc 1982 101 102
Amst. Ind. Dev. 10pc 1981 101 102
Boat. 5pc 1985 97 98
C. de N. du Rhone 10pc 73 102 103
Du Pont 7pc 1978 100 101
Gen. 5pc 1985 97 98
General Motors 5pc 1978 100 101
Harbour 5pc 1985 97 98
Nippon Yusen 5pc 1981 101 102
Stand. Enkeldo 10pc 1981 102 103
Telesco 7pc 1979 97 98
Tokyo Marine 10pc 1981 101 102
Source: White Wolf Securities, London.

STRAIGHTS	
American Express 4pc 97	79 81
Asahi 5pc 1968	74 78
Boatload Foods 4pc 1962	54 58
Boatload Foods 4pc 1962	58 62
Borden 5pc 1963	85 87
Boyd's Hale 4pc 1967	78 79
Canon Camera 4pc 1969	64 66
Canon Camera 4pc 1967	80 82
Canon Camera 5pc 1968	82 84
Dani 4pc 1967	79 81
Eastern Kodak 4pc 1968	109 110
Economic L. & B. 4pc 1967	74 76
Eskal 4pc 1968	86 88
Ford 5pc 1968	84 86
Ford 5pc 1968	71 73
Fox 4pc 1968	700
General Electric 4pc 1967	51 53
Gillette 4pc 1967	70 72
Gould 5pc 1967	78 80
Halliburton 4pc 1967	120 122
Harris 5pc 1962	64 66
Harris 4pc 1962	87 89
Honeywell 4pc 1966	72 74
ITT 4pc 1967	88 90
Komatsu 4pc 1968	1040
J. Ray McDermott 4pc 97	122 124
Moson 4pc 1968	135 137
J. P. Morgan 4pc 1967	101 103
Motorola 4pc 1962	105 107
Owens Illinois 4pc 1967	76 78
J. C. Penney 4pc 1967	72 74
Pioneer 4pc 1968	134 136
Rand Selection 4pc 1968	94 96
Rand 4pc 1967	80 82
Revere 4pc 1967	92 94
Servco Rand 4pc 1967	57 59
Squibb 4pc 1967	75 77
Toshiba 4pc 1968	1015 1018
Union Carbide 4pc 1968	104 106
Wagner Lambert 4pc 1967	58 60
Wagner Lambert 4pc 1968	74 76
Xerox 5pc 1968	70 72
Source: Kiddler, Feasby Securities	

FINANCIAL TIMES REPORT

Friday August 22 1975

SEA FREIGHT

The shipping industry is among the worst sufferers from the world trade recession. Unhappily, even on the most cheerful estimates the tonnage surplus is likely to persist for some time.

More ships than cargoes

THE ONLY chunk of light in the gloomy world shipping outlook in recent months has been the indication that the U.S. economy may have touched bottom, but the depth of depression in most industrialised countries means that recovery for the industry will inevitably be slow.

In the tanker market, which inevitably will affect a large part of the shipping spectrum, there are now fears that overcapacity will last until at least the end of the decade and it is only now being realised how damaging the mistakes of the past few years have been. And with cancellation penalties now nearly as high as the cost of accepting a vessel, conversion has become a popular way out.

So any analysis of the future dry cargo situation must take the tanker tonnage surplus firmly into account. A recent American report estimates that if all tankers on order at the

start of the year were cancelled, it would still be 1985 before the amount of available tonnage equalled the projected demand figure of 245m. tons.

So with new tankers being laid up immediately they are completed and the transfer of a large part of the combined carrier tonnage to the dry bulk trades, the dry cargo market has also been severely punished by a strong downturn in world trade. It now seems that a large number of bulk carriers will be laid up in coming months.

A great deal depends upon the final outcome of harvests in North America, Europe and the Soviet Union, which will determine the level of grain shipments. The recent U.S. decision temporarily to halt further sales to the Soviet Union because of progressively declining estimates of the size of its harvest has been yet another blow to the market, which has now become desperately competitive.

Oil carriers which have adopted a "clean for grain" policy have provided the dry cargo sector with excess freight space, with a consequent fall in overall charter rates and the end result that the conventional grain carriers have been squeezed mercilessly. Often they have been faced with the option of trading at a loss or not operating at all. As in other transport industries, this has inevitably caused a shake-out of older vessels and a reappraisal of tonnage on order, both in terms of cost and anticipated use. It appears that having learnt the lesson on the past 18 months, the flexibility of multi-

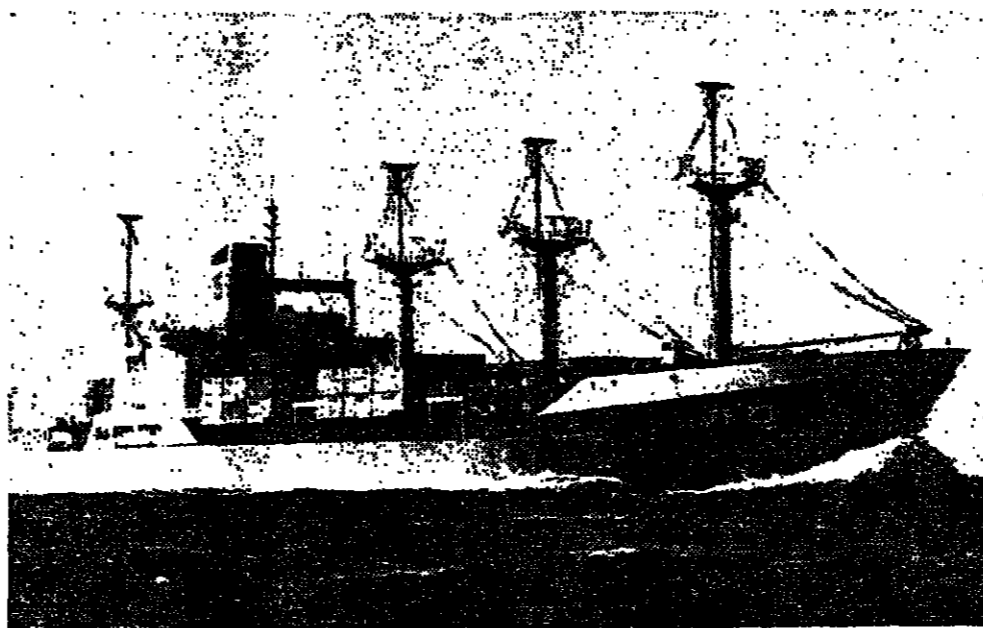
purpose vessels has taken on a new appeal.

It is estimated that by the end of April laid up dry cargo tonnage had risen to 2.9m. tons deadweight, a figure five times greater than that at the start of the year and it is clear that large sized vessels have been particularly badly hit. As a result there has been a significant increase in the number of contract bookings with charterers that make the best of bargain prices to cover their long-term commitments.

Dampened

The sense of anticipation which built up in shipping circles in recent years over the opening of the Suez Canal has been considerably dampened by the conditions under which the opening finally took place, particularly in relation to crude oil shipments. Traffic through the canal is now running at about 25 ships a day compared to the hoped for total of 1,000 passages by the end of July, although this is expected to increase steadily in future.

The total number has comprised about 80 per cent. dry cargo vessels but the Egyptian authorities expect that loaded tankers will soon be responsible for 25-30 per cent. of income, ballasting cargo some 35-40 per cent. and general cargo tonnage about 35 per cent. With daily convoys now running north and south on alternate days, it is intended that daily convoys from both ends will begin soon, passing each other in the Bitter Lakes.



Artist's impression of Cammell Laird's new ship design "Staff 20" a standard fast freighter of 20,000 tonnes d.w.

The use of the waterway is been cautious about the opening of the Canal, but there has been a gathering confidence, despite the uncertain political situation in the area. It is notable that Indian shipping companies have reacted positively to the event, which has been seen as a boost for Indian exports. It is estimated that sailing time to the U.K. would be cut by about 30 per cent., to Black Sea ports by 60 per cent. and to North America by 15 per cent. The bunker costs are also substantially reduced. Overall, the advantages for world shipping are not immediately apparent, with

port problems being experienced there have led to the introduction of scheduled Ro-Ro services to the Eastern Mediterranean, particularly suitable for the system due to the absence of tidal problems. Although this is fundamentally an inefficient operation due to waste of space, it is likely to remain in favour until more sophisticated transport systems are established in the countries concerned.

Bargains

In line with the development of the oil producing countries of the Middle East, which have so far concerned themselves mainly with building the infrastructure of their economies, their shipping fleets will certainly begin to expand soon, although this will certainly be concentrated in the tankers sector at first. Although they have in the past not been prominent in the international field, they do not lack experience and they have the resources to buy fleets and expertise at a time when they can be assured of bargain prices. At present, however, they have concentrated their activities on developing advanced harbours and accompanying equipment.

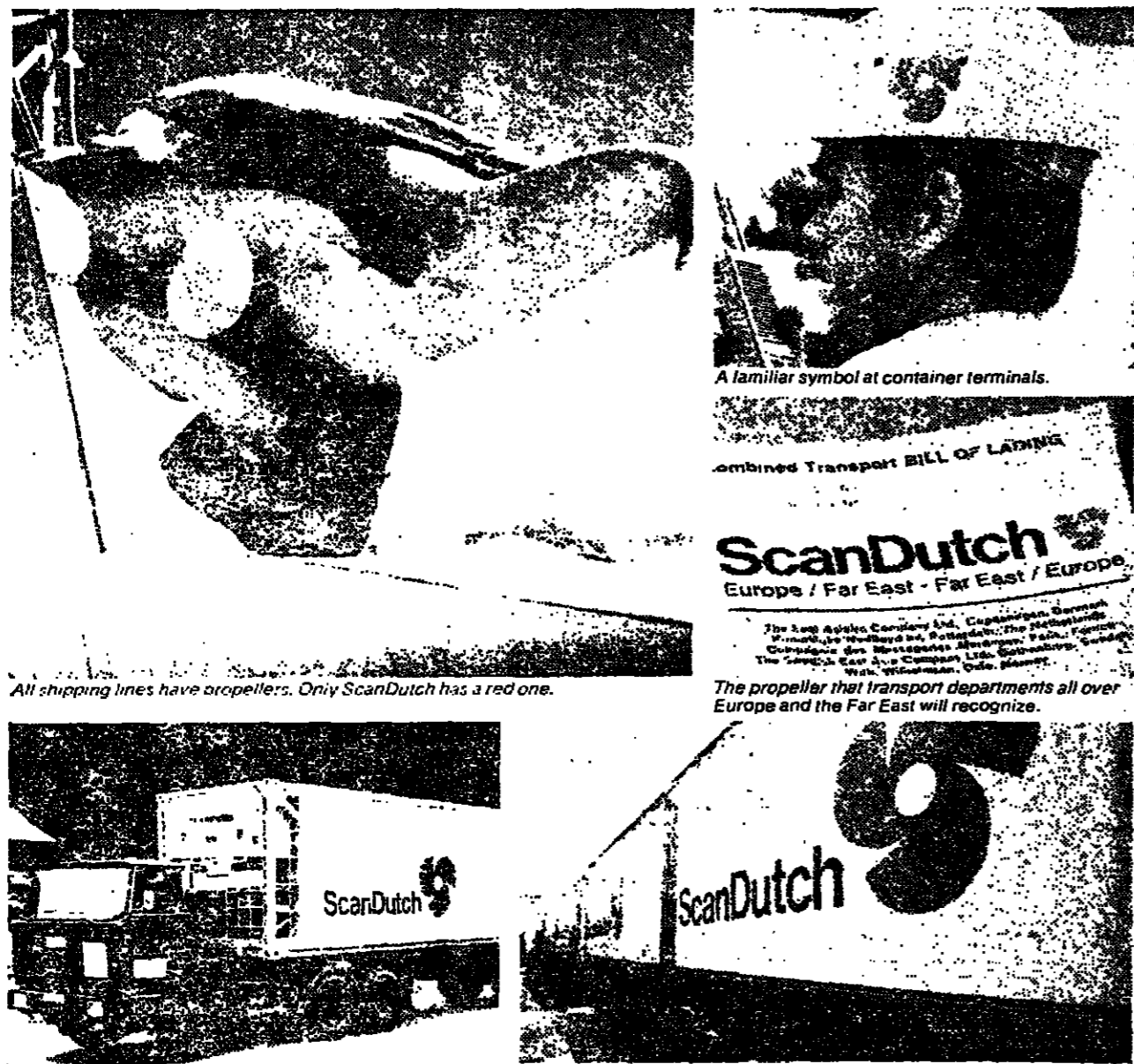
However, the salient indicator for the future of world shipping remains in shipbuilding, which is believed to have suffered the worst slump since the 1930s, moving rapidly from a period of intense activity to one of profound depression. Perhaps the being exported to the Middle East and the considerable trans-

being used to build small hulks just to remain active. That aside, financing of building, has come near to crisis point, with banks who have buried their fingers badly in the recent collapse now very unwilling to become so deeply involved again.

But this has not meant that ship prices have remained static. On the contrary, certain classes have risen in value to the extent that they have been sold at fourfold the price contracted before delivery. Financiers do not believe that the dry cargo market is likely to recover more rapidly than any other sector and cite a number of other influences which they believe will diminish demand for dry cargo carriage, among them: the further development of containerization and the further nationalisation of fleets. They also point to the fact that combination carriers account for some 25 per cent. of the tanker fleet, which they do not believe will assist the dry cargo market equilibrium.

Perhaps the clearest picture emerges when looking at the order figures for the three months up till the end of July, which show that out of a total of 183 orders for all classes, 83 are for bulk carriers over 20,000 tons deadweight, 76 are for general dry cargo vessels less than 20,000 tons, six for tankers over 100,000 tons and 19 for other tankers. Cancellations during the period include 17 tankers of 150,000 tons and above and 20 others.

Lorne Barling



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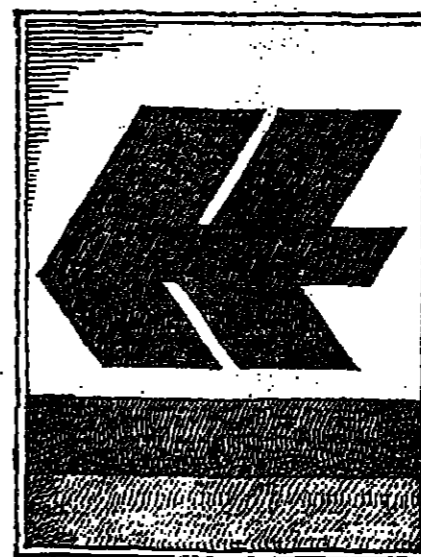
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SEA FREIGHT II

Ports drive for efficiency

THE MAIN burst of investment than 30m. tonnes. The facilities to modernise Britain's port comprise 12.4m. tonnes at deep-sea container berths, 11.9m. capital spending is still declining tonnes at short-sea container from the peak hit in 1965, and berths, and 10.5m. tonnes at money is being increasingly con- short-sea roll-on/roll-off berths. centrated on projects related to exploitation of North Sea oil.

But while the volume of new investment needed for dry cargo handling may have eased, the drive is still on to improve efficiency — and competition among the ports for future container traffic is fierce.

The transformation of freight handling facilities in Britain's ports over the past decade can be appreciated when it is realised that some 22 deep-sea container berths have been built, 50 short-sea container berths, and 78 roll-on/roll-off berths. Probably more dramatic, and illustrating the productivity gains of new forms of cargo handling, is the drop in the labour force. Over the 10 years the number of registered dock workers was nearly halved to 34,600 and the total workers employed by port authorities fell from an estimated 64,000 to 38,000.

Forecasts

The National Ports Council, whose task it is to formulate and keep under review a national plan for the development of harbours in Britain, has produced detailed forecasts of tonnages of cargo traffic up to 1980.

More significant, a second study—as yet unpublished—has just been completed which estimates the total amount of the general cargo likely to be moving to and from this country up to that date, pinpointing the mode of transport and route and comparing this with an assessment of the capacity of existing and approved berths.

The calculations show that the total unit load capacity at British ports amounts to 43.8m. tonnes compared with a throughput at present of more

Lavish

But it is important not to oversimplify the issues which arise, says Mr. Philip Chappell, chairman of the NPC. "In many countries, both in developed and in less developed areas, the lavish provision of facilities for container and unit load traffic seems to be a matter of national pride. The Council would claim some proportion of the credit for the fact that such facilities in the U.K. despite some excess of capacity, have a better utilisation than in most other countries."

The really essential point is the efficient service of the nation's trade, the demands of which do change. Mr. Chappell maintains. It was against this factor as well as total national capacity that the Council had viewed the application of the British Transport Docks Board to construct a new deep-sea berth at Southampton to cater for containerisation of the South African trade scheduled for 1977.

"The Conference Lines had expressed a clear preference for Southampton and BTDB had successfully negotiated a situation where the Lines were willing to support this preference

Accordingly, although the development represented an addition to the total deep-sea

container capacity recorded in the 1980 study, the Council, after careful analysis, including discussions with the shipowners concerned as well as the ports, had in the event no hesitation in supporting the Southampton proposal."

Mr. Chappell stresses that it is important not to use glib phrases about national strategies unless there is a background of detailed analysis of traffic, ship design, port facilities and manpower against which to make decisions.

"While it seems unlikely that there will be any immediate requirement for further berths if the danger of over-provision is to be avoided, I hope that this Southampton example illustrates that long-term planning for ports is certainly not an easy science, but, rather, a difficult art and it requires the closest co-operation not only from port authorities, but also from shipowners and shippers and, not least, industrialists."

Winning the South Africa trade was a significant victory for Southampton which has achieved sturdy growth as a container port. So far Southampton has shared most of present South African trade in conventional cargo vessels on a roughly 50-50 basis with Liverpool taking a minor part. The trade in terms of value of cargo is worth around £1bn. a year.

Terminals

When the new containerised service is fully operational it will take to Southampton an

Potential

This phase of the port's development will bring the total length of the new deep water container quays to a mile, and the associated back-up to 118 acres, excluding 24 acres leased to Freightliner for the Marine Freightliner Terminal. Potential remains for at least a further 4,000 feet of deep water quays and about 160 acres of back-up.

The PLA has not been lagging in seeking its share of container trade, having invested more than £30m. in Tilbury over recent years to make it one of the principal cargo centres of Europe.

But the major uncertainty which hangs over the port is the future of plans for a massive new seaport at Maplin. The Government has already cancelled the project for the airport and there must be grave doubts whether the PLA will get the go-ahead for the major development it seeks.

Whatever the verdict, the very earliest the seaport might be envisaged is 1982 which means that additional facilities must be provided at Tilbury in the short term. The growth of container traffic at Tilbury has been such that the docks will be operating at full capacity within the next two to three years.

PLA is confident that land could be reclaimed at Tilbury Port and elsewhere on the river side, for example, to provide new berths by 1978. Having lost the South Africa container trade, the port is anxious to win the New Zealand trade which is scheduled for containerisation at roughly the same time.

The fastest growing sector of Britain's non-fuel trade has been with the European Economic Community rising from 14.5m. tonnes in 1965 (16 per cent of the total) to 27m. tonnes in 1973 (24 per cent of the total).

Equipped

Cancellation of the Channel Tunnel project and Britain's continued membership of the EEC puts the onus on East and South coast ports to ensure they are fully equipped to handle future growth. The National Ports Council does not anticipate any immediate shortages in capacity and points out that it will be relatively easy and quick to expand capacity in line with the actual growth in traffic.

Indeed, though British ports in the past have come in for

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Report from Mitsui O.S.K. Lines

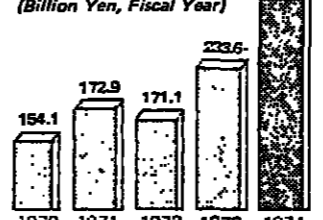
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1974 a year in which Mitsui O.S.K. Lines reorganized to meet the changing international economy.

MOL achieved good results in 1974 despite a severe business environment.

Due to the global recession and inflation, Japan resorted to policies for curbing aggregate demand, and with the decline in domestic demand and rising inventories, imports decreased. In the first term of the year exports grew, and handling of cargoes on liner routes proved extremely active. In the second term imports declined, and the shipping industry suffered from a marked worsening of the tanker market.

Last 5 year sales (Billion Yen, Fiscal Year)



However, MOL, by anticipating deterioration of the shipping market such as by procuring profitable cargo, managed to obtain favorable business results. Its total income in 1974 totaled 342.5 billion yen, which was up 146.6% from the preceding year.

Internationalization of fund procurement.

To ensure adequate funds for its future projects, MOL in April last year established MOL International S.A. as its fund raising base in Luxembourg.

In September, it listed its stocks on the Brussels, Antwerp and Frankfurt stock exchanges. In Japan, MOL in January, 1974, floated 5,000 million yen worth of convertible bonds and followed this up in April, 1975 with issuance of 10,000 million worth of convertible bonds.

New companies established for internationalizing MOL's business.

In August, it formed in Saudi Arabia two joint ventures, Saudi Arabian Shipping Co., Ltd., a ship holding company, and Arabian Marine Operation Co., Ltd., a ship operating company.

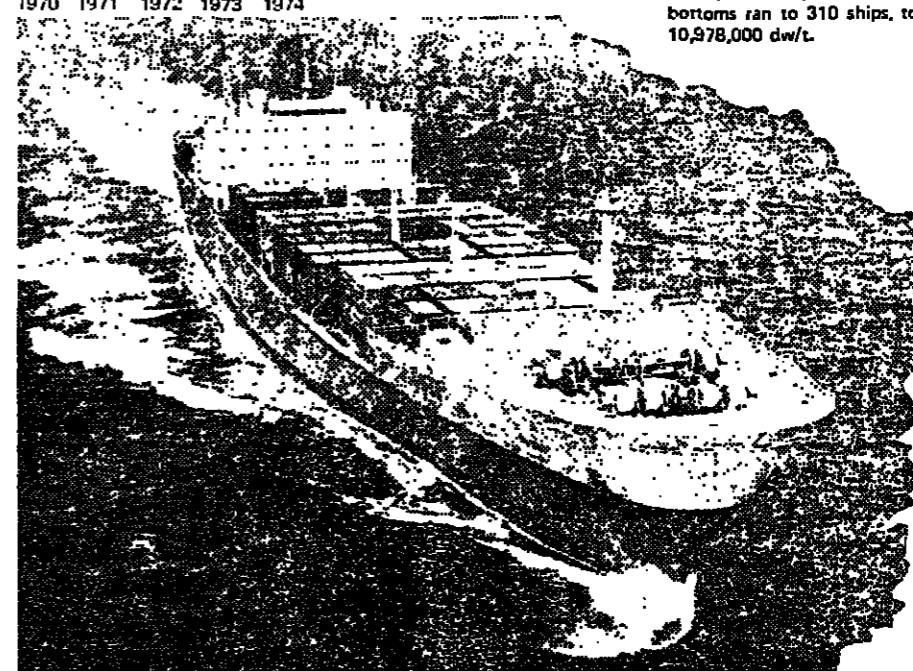
In addition, it has established a company called EURO MOL B.V. in Rotterdam for container operations in Europe.

International on-line starts.

MOL last year automated drawing up of documents pertaining to ship cargoes from California to Japan by making use of the time-sharing service of General Electric of the U.S.

Four large ships join MOL's fleet.

At the end of March, 1975, MOL possessed 138 ships, totaling 6,840,000 dwt, and its operating bottoms ran to 310 ships, totaling 10,978,000 dwt.



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ICS IS A MEMBER OF THE INTERWAY GROUP, LARGEST INTERNATIONAL EQUIPMENT RENTAL COMPANY IN THE WORLD

Containers still the big news

THE EXTREMELY rapid—indeed over-rapid—expansion of the container industry in the late 'sixties and early 'seventies left a considerable amount of over-capacity, a situation which has not been eased by the marked slowdown in world trade over the past couple of years. Consolidation has thus been the keyword in recent years as most of the major developed nations found that the container ports which they had built in the first flush of the enthusiasm were sufficient to meet projected demand for a number of years ahead.

However, there are now signs that another step forward in the development of container trade could be in the offing as the prospect of a trade revival appears on the horizon and at least one of the world's container majors, the OCL consortium, is now planning a major expansion programme geared towards the completion of its containerisation programme in the Eastern hemisphere. In addition, the major growth prospect for the more distant future is the bringing of the developing nations into the containerisation network.

Yet another factor which could boost demand for container services is the rapid inflation in labour and fuel costs which has served to emphasise the importance of more efficient handling and transportation of freight, which is what containerisation is all about.

Act of faith

Half the money for the expansion programme is to come from the four partners in the consortium—Ocean Shipping, P & O, Furness Withy and British and Commonwealth—with the remainder coming from bank loans and German shipping credits. OCL's action represents something of an act of faith, based on a belief that trade will turn sharply upward by the end of the decade.

Four new ships are being built for the consortium in Germany, which will bring the

group's total to 18 by 1977, making it the largest of its kind on the Eastern routes.

The new vessels will be used to open routes to South Africa and New Zealand, operating to Cape Town and Durban and Auckland and Wellington, with a possible third route opening in the near future between a number of ports in the Far East and Australia.

One of the major uncertainties for OCL attaches to the reopening of the Suez Canal, but the company's management reckons that it will take a long time before the Canal is fully operational. In addition, although OCL's operation enjoys dominant status on most of its current routes there is the prospect of competition not only from indigenous enterprises in South Africa, New Zealand and Australia but also from the Japanese.

But perhaps the most serious threat of all comes from the Russians, who with their land bridge and their merchant marine are already threatening to cut rates and force British competitors into a loss making position.

Quite apart from the question of estimating future demand for container services, there are many problems of technical projection still to be ironed out. Operators on the other side of the Atlantic have been moving towards higher, larger capacity containers, but in Britain uncertainty over the issue of truck dimensions, particularly within the EEC context, still leaves a climate of uncertainty which remains to be resolved.

For the longer term future, the developing nations offer great growth prospects. The push for containerisation among developing nations is new and broad in its scope.

Until around 1971, when the "first flush" of Western containerisation ended, the container business was considered to be almost overwhelmingly a matter of dealing with the world's leading industrialised nations. To-day, new container ports tend to spring up as soon as a nation feels that it has the right goods to trade and ship. Emerging nations have for some time been seeking a "share of the action" in the containerisation business. Not only are they constructing new ports and renovating old ones, such as Singapore and Malaysia, are forming their own container companies, while India has purchased a fleet of containerised vessels for its national Shipping Corporation.

This trend has been most pre-

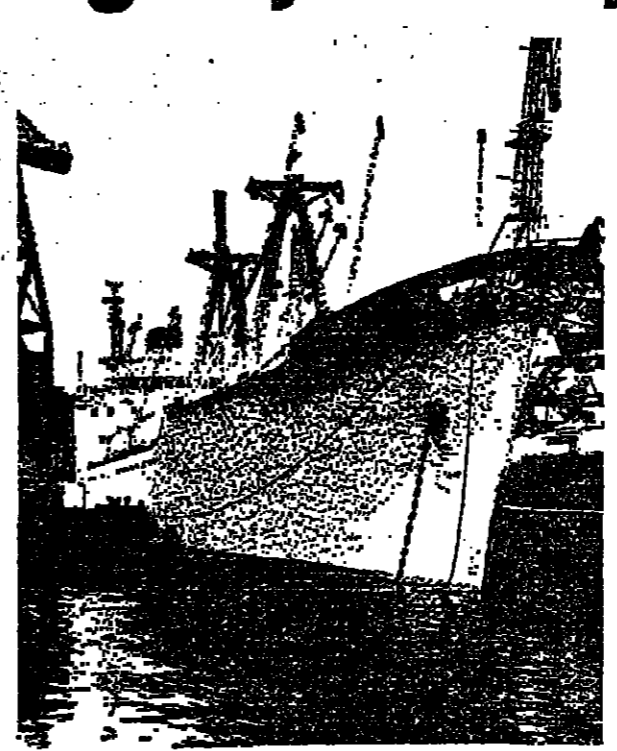
valent in South East Asia, where Singapore has long been one of the great shipping centres of the world, while Malaysia's efforts to attain self-sufficiency in the handling of its own tin, natural rubber, palm oil and other goods is now reaping its rewards.

Nevertheless, taking the world scene as a whole, the period of consolidation which is now coming to an end in the containerisation industry has enabled the whole business to be looked at more efficiently and has helped a more efficient pattern of movement to evolve. More than £500m. has been spent since the mid-sixties by British container companies alone, many of which, while becoming the overcapacity which has resulted from the down turn in world trade, have also welcomed the breathing space in the initial headlong rush to expand capacity.

The extensive advantages of the railways are testified to by the growth in the volume of business undertaken by Inter-container, the consortium of national rail administrations which includes British Rail—whose business last year was around 8m. tonnes, representing a doubling of the 1971 figure. Nevertheless, rail still has a long way to go in order to catch up with the road industry.

Peter Foster

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WALL STREET OVERSEAS MARKETS

Bargain hunting checks slide: off 1.57 Sterling weaker

BY OUR WALL STREET CORRESPONDENT

SCATTERED BARGAIN hunting checked the recent slide on Wall Street today, but a larger than expected jump in the cost of living for Americans last month put a damper on stock market trading, and prices closed lower for the fourth consecutive session.

After rallying 4.77 to 79.03, the Dow Jones Industrial Average reacted to 79.60, for a net loss of 1.57. The NYSE All Common Index shed another 8 cents to \$44.22, after regaining 16 cents to \$44.40, while declines continued in the Dow Jones Industrial Average, and prices closed lower for the fourth consecutive session.

The Labor Department reported that the U.S. Consumer Price Index rose 1.2 per cent last month, or at an adjusted annual rate of 14.4 per cent.

White House Press Secretary Ronald Reagan said July's CPI rise was higher than anticipated and was another warning that inflation was needed and excessive Federal spending must be curbed if double digit inflation was to be avoided.

After the close, the NYSE reported the short interest position down 2,583 shares to 2,550, in the most ended August 15.

Hewlett-Packard tumbled 68¢ to \$202.40 on sharply lower third quarter profits.

Woods gave way \$21 to \$181 on the announcement of merger talks with Kerr-McGee, down \$11 to \$83.

Heavily traded American Telephone finished unchanged at \$46, following its plan to sell \$2m of common shares next October.

Eastman Kodak lost \$2m to \$87.

But Moore McCormack were lifted \$3 to \$591, United Carbide up \$1 to \$107, Digital Equipment \$1 to \$107, Motorola \$1 to \$42, and Pitman \$1 to \$63.

Utah International rallied \$2 to \$34, on winning price increases for its coal in Japan, which will offset a proposed Australian tax.

Scott Foresman tacked on \$1 to \$13, on a "substantial gain" in July quarter net.

The American SE Market Value Index further declined to \$22.73, with declines outnumbering advances by 374 to 172.

Research Cottrell were down \$1 to \$14, Loews Theater Warrants \$1 to \$10, and Consolidated Oil and Gas \$1 to \$61.

Damson Oil edged up \$1 to \$4 on reporting a gas find in Woods County, Okla.

Indice

NEW YORK

DOW JONES AVERAGES

Aug. 21	Aug. 20	Aug. 19	Aug. 18	Aug. 17
79.03	79.60	80.17	80.74	81.31

Aug. 21	Aug. 20	Aug. 19	Aug. 18	Aug. 17
44.22	44.40	44.58	44.76	44.94

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1.57	1.58	1.59	1.60	1.61

Aug. 21	Aug. 20	Aug. 19	Aug. 18	Aug. 17
1.57	1.58	1.59	1.60	1.61

Aug. 21	Aug. 20	Aug. 19	Aug. 18	Aug. 17
1.57	1.58	1.59	1.60	1.61

Aug. 21	Aug. 20	Aug. 19	Aug. 18	Aug. 17
1.57	1.58	1.59	1.60	1.61

AMSTERDAM—Generally weak, reflecting the sombre domestic economic background.

Dutch Internationals were again hit, apart from a recovery in Philips lost Fl.1.4 at 104.4, Royal Dutch Fl.1.6 at 94 and Alka Fl.0.7 at \$4.60.

Bankings were also down. Algemeene Bank Nederland shed Fl.0.50 to 326.50 and Amsterdam Rotterdam rose to 72.7.

Most local industries were substantially lower.

SWITZERLAND—Irregular in continued thin trading.

Banks were little changed. Juvenia moved up Fr.30 to 450 on short covering.

State Bonds eased in thin trading.

STANDARD AND POORS

U.S. STOCK INDICES

Aug. 21	Aug
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HOTELS—Continue

[illegible]

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